DOCUMENT RESUME

ED 077 463 HE 004 297

TITLE	Toward Equal Opportunity for Higher Education. Report of the Panel on Financing Low-Income and Minority Students in Higher Education.
INSTITUTION	College Entrance Examination Board, New York, N.Y.
PUB DATE	73
NOTE	82p.
AVAILABLE FROM	Publications Order Office, College Entrance Examination Board, Box 592, Princeton, New Jersey 08540 ($2.00)
EDRS PRICE	MF-$0.65 HC Not Available from EDRS.
DESCRIPTORS	Disadvantaged Youth; Economically Disadvantaged; *Educational Opportunities; *Equal Education; *Financial Support; *Higher Education; *Minority Groups; Negro Education

ABSTRACT

In May 1970, the College Scholarship Service of the College Entrance Examination Board convened a panel of 11 individuals concerned with the educational needs of students from poverty and minority populations. Their task was to define, from their own perspectives, the higher educational needs of not only minority youth but all young people from backgrounds of poverty, and to develop recommendations for social policies that could lower the most persistent barrier to undergraduate higher education for the poor, lack of money. This, the panel's final report, seeks to give structure and measure to the national commitment required to fulfill the needs of the poor and minority youth for higher education. The panel proposes a new federal program of grants, loans and special services that would provide the dollars necessary not only to fulfill the expectations of the poor for higher education, but also to match the promise of this society of equal opportunity for all its citizens. The dollar cost of lowering the financial barriers to higher education are great, but the social costs of continuing current inequities are even greater. Only with equal educational opportunity can there be equal economic and social opportunity. See also ED 046 333. (Author/HS)

ED 077463

Toward Equal Opportunity for Higher Education

Report of the Panel on Financing Low-Income and Minority Students in Higher Education

HE 004 297

PERMISSION TO REPRODUCE THIS COPYRIGHTED MATERIAL BY MICROFICHE ONLY HAS BEEN GRANTED BY
College Entrance Examination Board
TO ERIC AND ORGANIZATIONS OPERATING UNDER AGREEMENTS WITH THE NATIONAL INSTITUTE OF EDUCATION. FURTHER REPRODUCTION OUTSIDE THE ERIC SYSTEM REQUIRES PERMISSION OF THE COPYRIGHT OWNER."

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

College Entrance Examination Board, New York
1973

Copies of this book may be ordered from Publications Order Office, College Entrance Examination Board, Box 592, Princeton, New Jersey 08540. The price is $2.

Editorial inquiries concerning this book should be directed to Editorial Office, College Entrance Examination Board, 888 Seventh Avenue, New York, New York 10019.

Copyright © 1973 by the College Entrance Examination Board. All rights reserved.

Library of Congress Catalog Card Number: 73-80836

Printed in the United States of America

I, being poor, have only my dreams
W. B. Yeats

What happens to a dream deferred?

Does it dry up
like a raisin in the sun?
Or fester like a sore–
And then run?
Does it stink like rotten meat?
Or crust and sugar over–
like a syrupy sweet?

Maybe it just sags
like a heavy load.
Or does it explode?

Langston Hughes

Contents

Acknowledgments viii

Panel on Financing Low-Income and Minority Students in Higher Education ix

Foreword. By Arland F. Christ-Janer xi

Background: Aspirations and Realities 1

Equality of Educational Opportunity: Goals and Objectives . . . 6

Inequality of Educational Opportunity: Effects of Poverty and Minority Status. 10

- Inequality for Low-Income Students. 10
- Inequality for Minority Students 17

Federal Policy and Low-Income Students 29

- Summary 48

Proposed National Program of Student Assistance 50

- Proposed Grant Program 55
- Proposed Loan Program 58
- Proposed Vouchers for Supplementary Services 61
- Cost of the Panel's Recommendations 63

Summary and Recommendations 67

- Grants 67
- Loans 68
- Supplementary Services. 69

Tables:

1. Patterns of Aspirations for College and Their Fulfillment. . . 1
2. Dependent 18- to 24-Year-Olds Attending College 11
3. Estimated Full-Time Enrollment in Higher Education of All High School Graduates 11

4. Enrollment at Senior and Junior Colleges of 1968 High School Graduates 12
5. Aspiration Level, Timing of Enrollment, and Enrollment Status. 14
6. Selected Ratios Indicating Differentials in College Retention . 14
7. Effect of Socioeconomic Status on College Graduation 15
8. Distribution of Freshmen Entering College in 1969 among Types of Colleges. 16
9. Percent of Families with One or More Members 18-24 Years Old Enrolled in College Full Time. 18
10. White and Nonwhite High School Graduates Entering College 21
11. Distribution of Male Students among Types of Institutions . . 26
12. Annual Higher Education Subsidies Resulting from Federal Institution-Oriented Programs 31
13. Distribution of Student Aid Funds Disbursed by Academic Institutions, 1966-67 32
14. Enrollment of 18- to 24-Year-Olds in Higher Education 33
15. Numbers of Students Receiving EOG Awards 34
16. Federal Student Aid: Institutional Requests and Available Resources 38
17. Effects of State Allotment Formulas under Federal Student Aid Programs 42
18. Comparison of CSS Parents' Contribution and Reported Parents' Support 48
19. Undergraduate Enrollment in College 65
20. Cost of the Recommended Grant Program 65
21. Cost of the Recommended Supplementary Service Program. . 66

Figures:

1. 18-Year-Olds by Race, 1965-1985 22
2. Educational Opportunity Grant Program 35
3. National Defense Student Loan Program 39
4. College Work-Study Program 40

Acknowledgments

On behalf of the panel, I wish to acknowledge the assistance of many individuals in the development of this report.

Alexander G. Sidar Jr., Executive Director of the College Scholarship Service of the College Entrance Examination Board, convened, encouraged, and supported the panel throughout its deliberations.

Lois D. Rice, Vice President of the College Board and Director of its Washington Office, compiled the data, steered the report through numerous drafts, and wrote the final report with the able assistance of Larry Gladieux, Associate Director of the Washington Office. Mary Budd, Judith Mariassy, and Julia Gordon of the Washington Office typed and retyped the report.

Stephen J. Wright, Vice President, East, the College Board; James E. Nelson, Vice President for Financing Higher Education, the College Board; Edward Sanders, former Vice President of the College Board; and Charles M. Holloway, Director of Special Projects at the Board, provided consistent and valuable input at the panel's meetings.

David S. Mundel, Assistant Professor at Harvard University, Robert Hartman and Alice M. Rivlin, Senior Fellows at The Brookings Institution, and June O'Neill formerly of Brookings and now with The Council of Economic Advisors provided background data, analyses, and critical appraisal at many stages.

The College Entrance Examination Board also deserves thanks for its support of the panel's activities, and for publication and distribution of the report.

Finally, I wish to thank the members of the panel who gave their expertise, energies, and time over a protracted period, living up to their commitment to the students they serve.

Annabelle C. Fong, *Chairman*

Panel on Financing Low-Income and Minority Students in Higher Education

Annabelle C. Fong, *Chairman*
Director, Special Student Services, University of Hawaii, Honolulu, Hawaii

Herman R. Branson
President, Lincoln University, Chester County, Pennsylvania

Carl A. Fields
Planning Officer, The University of Zambia, Lusaka, Zambia
(Formerly of Princeton University)

Hugh Lane
President, National Scholarship Service and Fund for Negro Students, New York, New York

Louis Nieves
Dean of Student Affairs, Livingston College – Rutgers University, New Brunswick, New Jersey (Formerly of ASPIRA)

Rene Nunez
Director, Chicano Study Center, San Diego, California

Gerald One Feather
Chairman, Oglala Sioux, Pine Ridge, South Dakota

Geraldine Rickman
Director of Resource Development, University of Cincinnati, Cincinnati, Ohio

Leonard H. O. Spearman
Director, Division of Student Assistance, U.S. Office of Education, Washington, D.C.

Gilberto S. Villarreal
Assistant Dean of Instruction, College of San Mateo, San Mateo, California

Frederick Wilkes
Director, Field and Community Service, Ramapo College, Mahwah, New Jersey

Foreword

In May 1970, the College Scholarship Service of the College Entrance Examination Board convened a panel of 11 individuals concerned with the educational needs of students from poverty and minority populations. On recommendation of the participants in its colloquium on "Financing Equal Opportunity in Higher Education," the College Scholarship Service asked the panel to consider the financial barriers to undergraduate higher education for poor and minority youth whose best opportunity for economic and social mobility, traditionally and still today, is through postsecondary training.

The panelists themselves were drawn from among the nation's minority populations—blacks, Chicanos, Puerto Ricans, Native Americans, and Orientals. Their task was to define, from their own perspectives, the higher educational needs of not only minority youth but all young people from backgrounds of poverty, and to develop recommendations for social policies that could lower the most persistent barrier to undergraduate higher education for the poor: lack of money.

During the course of its several meetings, the panel made interim recommendations that urged the Administration and members of Congress to restore funds cut from the Educational Opportunity Grant Program (EOG), the one federally supported program specifically designed to aid "exceptionally needy" students, and supported the enactment of revised regulations published by the Commissioner of Education designed to target Educational Opportunity Grant and College Work-Study monies on low-income students.

This, the panel's final report, seeks to give structure and measure to the national commitment required to fulfill the needs of the poor and minority youth for higher education.

In his foreword to the proceedings of the CSS colloquium that created the panel, George H. Hanford, then Acting President of the College Board, noted: "All our efforts to identify and nurture talent in the minority/poverty communities and all our successes in generating aspirations to higher education will have been for naught if there are not the dollars to fulfill those expectations."[1]

The panel proposes a new federal program of grants, loans, and special services that would provide the dollars necessary not only to

1. College Entrance Examination Board, *Financing Equal Opportunity in Higher Education*. New York: College Entrance Examination Board, 1970, p. vi.

fulfill the expectations of the poor for higher education but also to match the promise of this society of equal opportunity for all its citizens. The dollar costs of lowering the financial barriers to higher education are great, but the social costs of continuing current inequities are even greater. Only with equal educational opportunity can there be equal economic and social opportunity.

The panel's recommendations were made before passage of the Education Amendments of 1972, which authorizes the new Basic Opportunity Grants. Like the panel's recommended grant program, the Basic Grants Program would entitle as a matter of right all eligible students to some grant assistance and advances the principle that low- and moderate-income students should be provided federal funds approximating those that are available to higher-income students from their families. However, there are important differences between the panel's grant proposal and the BOG provisions in the new legislation. For example, the Basic Grants Program has a maximum grant level of $1,400 as opposed to $2,000 recommended by the panel. Other features of the Basic Grants Program – dependence on annual and uncertain levels of appropriations, and a provision that the Basic Grant may not exceed one-half the costs of attending the institution of the student's choice – also differ sharply from the panel's grant proposal and may reduce the potential of the newly legislated program for increasing opportunities available to poor and minority youth.

Throughout its history the College Board has sponsored independent research and supported free inquiry into matters touching on transition and access to education beyond high school. The results of such efforts have had lasting implications on patterns of educational opportunity. We hope the report of the Panel on Financing Low-Income and Minority Students in Higher Education and its recommendations will contribute to public understanding, constructive debate, and positive action on national higher education policies and priorities.

Arland F. Christ-Janer
President
College Entrance Examination Board

Background: Aspirations and Realities

During the sixties, the desire to attend college grew dramatically among the children of the poor. Survey data indicate that the percentage of high school seniors from low-income families who wished to attend college doubled between 1959 and 1965, from 23 to 46 percent.[2]

Actual enrollment in college, however, continued throughout the decade to be highly dependent on family income and on social and racial background. The pattern of aspirations for college and their fulfillment among different income groups tells a bleak story (see Table 1).

Table 1. Patterns of Aspirations for College and Their Fulfillment. 1966 High School Graduates. By Income Group. In Percent

Family income	*Percent responding "yes" for planning college*	*Percent having attended college by February 1967*	*Percent of college goals achieved*
Less than $3,000	46%	17%	37%
3,000-4,999	47	32	67
5,000-7,499	58	37	63
More than 7,500	71	57	80

Source: Joseph Froomkin, *Aspirations, Enrollments, and Resources*. Washington, D.C.: U.S. Department of Health, Education and Welfare, 1970, pp. 20-22

Students from families with incomes of $7,500 or more had more than twice the chance of realizing their hopes for college attendance as students from families with less than $3,000.

College aspirations of low-income youth grew for a variety of reasons: decline in the economy's demand for high school graduates; increased accessibility of postsecondary education, particularly through the development of low-cost community colleges; and the growth of postsecondary financial aid programs based on students' need.

For minority youth, additional factors peculiar to their predica-

2. Joseph Froomkin, *Aspirations, Enrollments and Resources*. Unpublished tabulation by A. J. Jaffee and Walter Adams. Washington, D.C.: U.S. Office of Education, 1970, p. 20.

ment in society affected aspirations for college. Although the sixties was a period of improvement in the condition of at least some minority groups, large gaps in economic opportunity persisted. In 1967, for example, census data indicate that black males with four years of college (for whom data can be isolated) had a median income of $7,556, nearly $600 less than the median income of white males with a high school education. For that same year, the likelihood of a black's earning in excess of $12,000 was approximately one-tenth that of a white wage earner. More recent data published by the United States Bureau of the Census indicate that, in 1970, black males with four or more years of college had a median income of $8,567 compared with a median income of $8,631 for male white high school graduates.[3] Much the same or possibly worse patterns of earnings undoubtedly existed in the sixties for members of other minority groups; unfortunately, these cannot be documented by available data. (Median incomes of other minorities are discussed later in this report, although they are not correlated with degree of educational attainment.)

Still, there is a clamor among minorities for higher education. Why? Clifton Wharton, President of Michigan State University, states: "There is a deplorable continuation of income difference between Blacks and whites with comparable levels of education; nevertheless, the fact remains that education, and especially higher education continues to be a major factor in the progress of Black society."[4]

Moreover, career opportunities available to nonwhites with only a high school diploma are extremely limited compared to those awaiting white high school graduates who do not seek further education. Highly skilled and high-paying trades are virtually closed to minority youth by racism in the society and restrictions on access to apprenticeships and other forms of on-the-job training. For minority youth, then, the best chance for upward mobility is still through postsecondary training.

For many reasons, public confidence in higher education has been shaken in recent years. As college graduates encounter increased difficulty securing employment commensurate with their training,

3. U.S. Department of Commerce, *Status of Negroes in the United States 1970*. Washington, D.C.: U.S. Bureau of the Census, 1971, Series P-23, No. 38, Table 25, p. 34.

4. Clifton Wharton, "Reflections on Black Intellectual Manpower." Unpublished speech delivered at the 2nd Annual Convention on State of Black Economy, Chicago, April 28, 1972.

some suggest that American higher education has overexpanded and that the bachelor's degree has been "oversold." It is not surprising that traditional values associated with a college education are being called into question. Indeed, the movement for reform in higher education and the encouragement of young people to consider a greater diversity of postsecondary options are salutary developments.

But it would be cruel irony if for poverty and minority students the current mood of questioning caused a retreat from the goal of wide access to higher education. There are those, including Vice President Agnew, who maintain that the doors of higher education have been opened too wide. The panel questions a national leadership that refers to open access for blacks, as did the Vice President, as "an attack on the integrity of American colleges," in spite of decades of an American tradition of open access for farm children, European immigrants, and Cuban refugees.[5]

As the Carnegie Commission has stated, "Our historic approach of open access should not be abandoned just when minority students are arriving in larger numbers. We should not close the door at this juncture in history."[6]

While a college degree is no longer the sure ticket to a job, economic security, and professional fulfillment that it may once have been, it remains for minority youth the best if not the only hope. Without dramatically increased college enrollment and completion rates, there is little prospect that minority groups will make significant gains toward equity, either in terms of income levels or participation in the professional, technical, and managerial segments of society.

To the members of this panel the sharp rise in the expectations and aspirations of the poor and minorities for postsecondary education is not simply a statistical fact; it is part of their personal and professional experiences. Each panelist—whether the president of a predominantly black college, a teacher of ethnic studies, a collegiate financial aid officer, a director of a national talent-search or community-action agency, or the head of an Indian tribe—had worked daily with poor and minority youth who aspired to college and who,

5. Spiro T. Agnew, Speech delivered at a Republican Statewide Fund-Raising Dinner, Des Moines, Iowa, April 13, 1970.

6. Carnegie Commission on Higher Education, *A Chance to Learn*. New York: McGraw-Hill, March 1970, p. 1.

once enrolled, were trying to stay there. The panel members have also worked daily with similar youth whose aspirations remain unfulfilled.

The panel's function perhaps did not differ greatly from that of many commissions, study groups, and agencies that have been concerned with increasing higher educational opportunities. There were, however, large differences in perspective, emphasis, and urgency.

Throughout the sixties the panelists experienced the frustrations of poor and minority youth. They themselves were carrying the message and hope that "things are changing." They saw colleges begin to open their doors, the federal government start to aim student aid funds more specifically toward the poor, loans become more widely available, and states begin to develop, however slowly, student aid programs for the most needy. In the late sixties and more recently, however, they became acutely aware that these governmental and institutional efforts were falling far short of the mark. The panel foresees the possibility of another decade of pious rhetoric on equality of opportunity eliciting another decade of inadequate response.

All aspirations cannot be satisfied, but for society to fail to make the attempt is to continue to deny its promise of equal opportunity to its poor and minority citizens. There must be designed an effective national program to achieve or at least to move toward equal educational opportunity. There must be mobilized a social willingness to provide the funds required for its implementation. There must be a readiness on the part of educational institutions to adapt their offerings to the needs of new populations.

A recent report to the Secretary of Health, Education and Welfare stated: ". . . Those friendly to minority students have not been anxious to establish the facts. Proponents of the program have avoided sober assessment of their true cost, the drop-out rate, and the magnitude of the adjustment required of all parties—the institutions, the minority students and their fellow students. Determination to profess loyalty to the idea has sometimes choked off debate and constructive criticism."[7]

In this report, the panel places before the public a realistic assessment of the true costs of equal opportunity for higher education. The sense of urgency is great, for the nation cannot long bear the social

7. Frank Newman et al., *Report on Higher Education*. Washington, D.C.: U.S. Department of Health, Education and Welfare, March 1971, p. 140.

costs of current inequities. The panel intends this report to initiate the constructive debate required for the development of a national program that will realize President Nixon's hope that "no qualified student who wants to go to college should be barred by lack of money."

Equality of Educational Opportunity: Goals and Objectives

The panel's proposals seek to achieve one fundamental objective—equality of opportunity for higher education. This goal is not peculiar to the panel. For more than a decade equal opportunity for education has been among the most commonly cited goals of public policy. In 1960, John Gardner writing for President Eisenhower's Commission on National Goals said, "By 1970 we should have a deeper understanding of equal educational opportunity than ever in the past. We should have become keenly aware of all the forces that limit individual growth and should have learned how to cope with these forces." In 1972, it is apparent that equal opportunity is still an unrealized goal. The poor, even those of highest ability, do not enter higher education at the same rate as the rich. Minority students continue to have far less chance of entering and remaining in college than majority students. Equal opportunity still remains the great unfinished business of the seventies.

There are, of course, complex reasons for the persistence of unequal opportunity for higher education: a lack of social commitment to the goal itself; inadequate schooling for poverty and minority students at the elementary and secondary level and the paucity of programs at the higher education level that can remedy earlier educational handicaps; continuing doubts throughout the education system about the educability of poor and minority youth, resulting in lowered expectations and the erosion of self-concepts among these youth; a social unwillingness to reorder priorities and focus scarce resources on programs that could support the access and retention of poor and minority youth in higher education.

One of the primary reasons for the failure to achieve equal opportunity is a continuing lack of definition of the goal itself. The objective is so often lacking in concrete definition that it is impossible to create programs to achieve the goal and to develop criteria against which alternative policies and programs can be judged.

To some, equal opportunity for higher education means insuring equal chances to individuals of equal ability, and the most often recommended policy to this end is equalizing the quality of elementary and secondary education and thus equalizing the achievement of students of similar ability. To others, equality of higher educational opportunity means providing access to some form of postsecondary training to all youth irrespective of income, social back-

ground, and ethnic origin. Still others define equal opportunity as satisfying student aspirations for postsecondary training by assuring that all who desire to enroll actually do enroll.

While achievement of any of these aims would be an improvement of opportunity, in the panel's view no one of them is either specific or comprehensive enough to provide a view of what the dimensions of equal opportunity for higher education really are.

The panel's definition of equal opportunity has two basic dimensions: (1) equity in the rates and patterns of enrollment; and (2) equity in the distribution of students among types of institutions.

(1) Equal opportunity for higher education requires the achievement of equity for low-income and minority youth in access to higher education and in patterns of enrollment. This necessarily implies:

Equalization of enrollment by income. Students from families whose incomes are in the lower three quarters would enroll in higher education at the same rate as students from families in the highest income quarter.

Equalization by race. The percentage of minority high school graduates and the percentage of the minority college-age group who enter higher education would rise to equal the corresponding percentages of majority students. (The percentages of minority high school graduates and of minorities in the college-age group as a whole are more valid and meaningful statistics for comparison than is the percentage of minorities in the national population – the measure too often used as the index of equality.)

Equalization in the timing of enrollment. The delays between high school completion and college entrance for low-income and minority students would be no greater than for upper-income and majority students.

Equalization in enrollment status. Low-income and minority students would be provided the same opportunity for full-time status in higher education as other students. The percentage of low-income and minority students enrolled on a part-time basis would no longer be greater than the comparable percentage of majority students.

Equalization in the retention of students in higher education. Low-income and minority students would be provided the financial resources and support services that would permit them to remain in higher education for the same period of time as majority students – that is, the dropout rates for these youth would not differ from those of majority students.

But equity of access to higher education and equity in the patterns

of enrollment are not by themselves measures of equal opportunity. For the panel, the attainment of the objectives stated above would not insure equal opportunity, since they do not address the prevailing inequities in the distribution of students among institutions.

The panel, therefore, adds still another and a most significant dimension to the definition of equality of opportunity: (2) equity in the distribution of minority and poverty students among differing higher education institutions, providing them collegiate options that meet their individual interests, needs, and abilities. This implies that poverty and minority students would have the same range of choice among higher education institutions as higher-income and majority students.

Too often it has been assumed in public policy discussions that equal opportunity for poor and minority students would be achieved if "access" were provided without regard to the "type of access." Access confined to specific segments of postsecondary education—usually public two-year colleges and vocational schools, or other low-cost institutions—is not in any real sense access to the higher education system.

Two-year and vocational institutions play a crucial role in higher education, but they should not be the principal point of entry for the poor or the minority students who would be better served by other collegiate options. All students require educational experiences appropriate to their needs and abilities.

Public policy grounded in a narrow concept of access implies that class status rather than individual attributes and achievements would determine opportunities for higher education; and that the higher education system would become more stratified than it is now on the basis of income and social class.

It is an unstated but frequent assumption that a poor first generation college-goer should enter the local community college or vocational school, his children might enroll in a state college or public university, and the following generation might finally go to a prestigious private college or university. In other words, the poor should rise only one rung at a time up the "ladder" of institutional types. The panel rejects such thinking as alien to a society that claims to be free of the arbitrary privileges of class.

Because access to higher economic and social positions is influenced by the kind of institution one attends, opportunities for higher education cannot be equal until the poor and minority students are assured not only equality of access but also equality of options among programs and institutions.

In setting these two dimensions of equality—access and choice—the panel presents a modest proposal. Even the immediate achievement of such a comprehensive definition of equality of educational opportunity would not totally remove the obstacles to social and economic mobility that have been imposed on the poor and minorities throughout the history of this nation. One does not, as President Lyndon Johnson said, ". . . take a person who for years has been hobbled by chains and liberate him, bring him up to the starting line of a race and say 'you're free to compete with others' and justly believe you have been completely fair."

Nor will the achievement of equal opportunity today repair or compensate for the backlog of social injustice that has plagued previous generations of America's poor and minority citizens.

Inequality of Educational Opportunity: Effects of Poverty and Minority Status

In his 1970 message on higher education, President Nixon stated: "Something is basically unequal about opportunity for higher education when a young person whose family earns more than $15,000 a year is nine times more likely to attend college than a young person whose family earns less than $3,000." And, "Something is basically wrong with federal policy toward higher education when it has failed to correct this inequality. . . ."

This section of the panel's report addresses itself to the first of the President's concerns – unequal opportunity for higher education for youth from low-income families. It adds to this a deep concern for the inequality of opportunities available to youth from minority backgrounds. A subsequent section addresses the failure of federal policy to correct these inequalities.

The panel's definition of equal opportunity emerged from an understanding of the range of current inequities and their impact on American society. From the nagging realities of today, the panel defined its hopes for tomorrow.

What are the current inequities? The following discussion presents data documenting unequal opportunity by income and race. While these two aspects of the problem are closely interrelated, it is useful to analyze them separately.

Inequality for Low-Income Students

A college education is a costly good in America. The price varies widely by institution, but the least expensive is very often prohibitive for families of limited financial resources. (The expense of even free-tuition and free-access institutions remains high since attendance of a child results in loss of income for the family while the living costs of the child continue.) The economic barrier to college remains a harsh reality that contradicts the claims of "open access" and "equal opportunity" of our system of higher education and dims the hopes of the poor for upward mobility. The disparities in opportunity by income level are highlighted below.

Income and college attendance. During the decade of the sixties socioeconomic status diminished slightly as a factor in determining college enrollment rates, but considerable gaps in opportunity remained between students from low- and high-income families. Lower-income students continued to be dramatically underrepresented on

college and university campuses. In 1970 a youth 18 to 24 years old from a family earning above $15,000 was nearly five times more likely to be enrolled in college than a youth 18 to 24 from a family with income of less than $3,000 (Table 2).

Table 2. Dependent 18- to 24-Year-Olds Attending College. By Family Income. In Percent. 1970

Family income	*Percent of age group in college*
$ 0- 3,000	13%
3,000- 4,999	19
5,000- 7,499	31
7,500- 9,999	37
10,000-14,999	45
15,000 and over	61

Source: Calculated from U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 222, p. 35

The United States Office of Education estimated that in the academic year 1971-72 approximately five million students would be enrolled in colleges and universities as full-time undergraduates. Table 3 presents the distribution of these students according to quarters of family income, once again demonstrating the persistent differences in the enrollment rates of low- and high-income students.

In 1972 students from families with incomes in the top quarters had almost three times the chance of full-time college enrollment as

Table 3. Estimated Full-Time Enrollment in Higher Education of All High School Graduates. By Family-Income Quarters. In Number and Percent. 1971-72

Income quarters of families with high school graduates	*Number of full-time students (thousands)*	*Percent*
Bottom ($0-5,706)	749	15%
Second (5,707- 9,622)	875	17
Third (9,623-14,999)	1,391	28
Top (more than 14,999)	2,022	40

Source: A working paper prepared for the panel by R. Hartman and J. O'Neill using U.S. Office of Education projections

students in the bottom quarters. This projection actually tends to understate the inequality because the pool of college-age youth is larger in the bottom quarter than in the top.

Some people, of course, contend that discrepancies in enrollment between students from low- and high-income families are a function of ability and not socioeconomic status. But even if one controls for "measured ability," it is still clear that enrollment rates vary widely for students from differing income groups. Table 4 is illustrative.

Table 4. Enrollment at Senior and Junior Colleges of 1968 High School Graduates. By Socioeconomic Status and Ability. In Percent

	Male			
	Socioeconomic quarter			
Ability quarter	*Bottom*	*2*	*3*	*Top*
Bottom	14%	18%	33%	40%
Second	29	45	47	62
Third	48	57	61	70
Top	75	70	86	88
	Female			
	Socioeconomic quarter			
Ability quarter	*Bottom*	*2*	*3*	*Top*
Bottom	17%	16%	29%	55%
Second	25	29	49	66
Third	41	51	66	77
Top	67	71	79	88

Source: Lila Norris and Martin R. Katz, *The Measurement of Academic Interests. Part II.* College Entrance Examination Board Research and Development Reports, RDR-70-71, No. 5. Princeton, N.J.: Educational Testing Service, 1970, pp. 16-17

Among 1968 male high school graduates in the bottom ability quarter, those in the top socioeconomic quarter were almost three times more likely to become enrolled in college than those in the lowest two socioeconomic quarters. Among 1968 female high school graduates, college prospects of the low-ability rich were greater than three times those of the low-ability poor. In the second ability quarter, males of the top socioeconomic group were about twice as likely to become enrolled, and females more than two and a half times as

likely as those in the lowest socioeconomic bracket. Females in the second socioeconomic quarter had less than half the likelihood of college enrollment of those in the top socioeconomic group. Even in the top ability quarter there is still inequality of opportunity because of socioeconomic background.

Such findings are further substantiated by the results of a longitudinal study conducted during the sixties of approximately 9,000 high school graduates in the state of Wisconsin. In a recent review of the study data, William Sewell, sociologist of the University of Wisconsin, states: ". . . we find that higher SES (socioeconomic status) students have substantially greater post-high school educational attainment than lower SES students. For example, among students in the lowest fourth of the ability distribution, those in the highest SES category have a 2.5 times advantage over those in the lowest SES category in their chances to go on to some form of post-high school education. For students in the highest ability fourth, the chances of continuing their schooling are 1.5 times greater if they are from the highest rather than the lowest SES category. Similarly, in the lowest ability fourth the rate of college attendance is 4 times greater for the highest SES group than for the lowest SES group. Among the top quarter of students in ability, a student from the lowest SES category is only about half as likely to attend college as a student from the highest SES category. A similar pattern holds for the chances of graduating from college, where corresponding ratios range from 9 to 1 among low ability students to 2 to 1 among high ability students. At the level of graduate or professional school entry, where we would expect ability considerations to be determinant, the odds are 3.5 to 1 in favor of high SES over low SES students, even in the high ability category."[8]

While some may tolerate elitist arguments based on "ability," few can condone, as Table 4 and the Wisconsin data illustrate, unequal access to higher education based solely on socioeconomic status.

Income and the timing and status of enrollment. Family income not only affects the rate of entry but also the time of entry and enrollment status. Students from higher-income families tend to enroll in college earlier. Nearly 80 percent of youth from families in the top income quarter who go to college enter immediately after completing high school, as contrasted to 64 percent of those from the bottom in-

8. William H. Sewell, "Inequality of Opportunity for Higher Education." *American Sociological Review*, V. 36, No. 5, October 1971, pp. 795-796.

come quarter. Students from higher-income families are also more likely to enroll in college as full-time students. Table 5 summarizes the relationship of income to time of college entry and enrollment status.

Table 5. Aspiration Level, Timing of Enrollment, and Enrollment Status. By Income Quarter

Income (quarters)	*Index of aspiration to go to college*	*Index of entry within one year after high school graduation*	*Ratio of full-time enrollment to total enrollment*
Bottom	.71	.39	.56
Second	.83	.67	.64
Third	.89	.85	.64
Top	1.00	1.00	.76

Source: Joseph Froomkin, *Aspirations, Enrollments, and Resources.* Washington, D.C.: U.S. Department of Health, Education and Welfare, 1970, p. 90

Taking frequencies in the top income quarter as the norm, the rate of college entry within one year after high school graduation for those in the bottom income quarter is 39 percent of the norm. The rate of part-time enrollment for low-income students is about twice that of students from high-income families.

Income and retention of students in higher education. Once enrolled in college, students from families in the bottom quarter of income have less than one-third the chance of students from families in the top quarter for completion of an undergraduate degree (Table 6).

Table 6. Selected Ratios Indicating Differentials in College Retention. By Income Quarter

Income quarters	*Persistence through college*
Bottom	.29
Second	.56
Third	.71
Top	1.00

Source: Joseph Froomkin, *Aspirations, Enrollments, and Resources.* Washington, D.C.: U.S. Department of Health, Education and Welfare, 1970, p. 90

Completion rates are, of course, affected by ability, but socioeconomic status also has a significant effect on college completion. Folger, Astin, and Bayer report that more than three-fourths of college entrants from the high-ability, high socioeconomic groups graduated within five years after high school, compared to less than two-thirds of the high ability, low socioeconomic group.[9]

As shown in Table 7, low-income youth graduated from college at a rate 10-15 percent lower than high-income youth at the same ability levels.

Table 7. Effect of Socioeconomic Status on College Graduation. By Ability Levels and Sex. In Percent

Socioeconomic status and sex	*Intelligence level*			
	Middle	*High middle*	*High*	*Total*
Males:				
Low	30%	*%	57%	29%
Low middle	40	35	47	30
Middle	35	46	60	40
High middle	39	55	63	50
High	48	51	70	55
Females:				
Low	*	*	*	40
Low middle	27	48	62	37
Middle	36	41	57	43
High middle	40	38	59	45
High	44	55	78	57

*Too few cases to provide reliable percentages.

Source: John K. Folger, Helen S. Astin, and Alan E. Bayer, *Human Resources and Higher Education*. N.Y.: Russell Sage Foundation, 1970, p. 318

A principal reason for the differences in college completion rates for students from various socioeconomic backgrounds is their initial distribution among types of colleges. Youth from low socioeconomic groups are more likely to enroll in junior colleges than are youth from high socioeconomic groups. Students in junior colleges are less

9. John K. Folger; Helen S. Astin; Alan E. Bayer, *Human Resources and Higher Education*. New York: Russell Sage Foundation, 1970, p. 320.

likely to complete college than are those who enroll initially in four-year institutions. Low-status youth who enter four-year colleges tend to enter less expensive and less selective institutions which generally have far higher dropout rates than the selective colleges.

The chances of completing college having initially enrolled in a two-year college for even the highest-ability students, are only one in three. High ability freshmen in a senior college, however, have a two out of three likelihood of earning a college degree. As Folger, Astin, and Bayer observe: "Paradoxically, the community colleges appear to have increased opportunities for low-status youth, and at the same time, to have increased the socioeconomic differentials in college completion. They have been successful in getting low-income youth into college – but have not increased their chances of getting a degree nearly as much."[10]

These findings are among those that led the panel to emphasize its second dimension of equal opportunity – equity in the distribution of students among types of institutions.

Income and distribution of students among differing types of institutions. The effects of family income on the distribution of students among types of institutions is illustrated in Table 8.

Table 8. Distribution of Freshmen Entering College in 1969 among Types of Colleges. By Family-Income Group. In Percent

	Two-year colleges		*Four-year colleges*		*Universities*	
Family income	*Public*	*Private*	*Public*	*Private*	*Public*	*Private*
Less than $4,000	37%	9%	20%	17%	14%	4%
4,000-5,999	34	11	20	15	16	3
6,000-7,999	33	11	20	15	18	3
8,000-9,999	30	10	21	16	21	4
10,000-14,999	26	9	20	18	24	5
15,000-19,999	20	8	18	19	27	7
20,000-24,999	19	8	14	23	28	9
25,000-29,999	13	9	12	27	28	12
More than 30,000	12	7	9	30	28	16

Note: Rows may not add up to 100 percent because of rounding.

Source: Calculated from *National Norms*, American Council on Education, 1969

10. Ibid., p. 319.

A student from a family with income below $6,000 is twice as likely to be enrolled in a two-year public college as a student from a family with income between $20,000 and $25,000, and three times as likely as a student from a family with more than $30,000 in annual income.

The effects of socioeconomic status on where a student enrolls is further documented in a United States Census report that analyzes the same question in terms of the educational background of heads of families with dependents in college in the academic year 1971-72. "Among students from families whose head had completed four or more years of college, 27 percent were attending a two-year college in 1971, while 73 percent were enrolled in the first two years of a four-year college. Among students whose family head had not completed four or more years of college, 42 percent were enrolled in a two-year college, while 58 percent were enrolled in the first two years of a four-year college."[11]

The foregoing data have demonstrated that family-income levels continue to have a pervasive effect on opportunities for higher education among children from all ability levels.

Inequality for Minority Students

Economic class is one source of inequality of opportunity for higher education in America. Race persists as another fundamental barrier.

It is well-known that the income distribution of minorities is heavily skewed to the lower end of the scale. The median income for black families in 1971 was $6,440, compared to $10,672 for the rest of the population.[12] For families of Mexican and Puerto Rican origin the median incomes in 1972 are $7,486 and $6,185 respectively.[13] For Native Americans (American Indians), it is an astonishing $4,000 a year.[14] While in absolute numbers the largest proportion of poor people in this country are from the white majority population, in rela-

---

11. U.S. Department of Commerce, *Undergraduate Enrollment in Two-Year and Four-Year Colleges*. Washington, D.C.: U.S. Bureau of the Census, 1972, Series P-20, No. 236, p. 3.

12. U.S. Department of Commerce, *The Social and Economic Status of the Black Population in the United States*, 1971. Washington, D.C.: U.S. Bureau of the Census, 1972, Series P-23, No. 42, p. 32.

13. U.S. Department of Commerce, *Selected Characteristics of Persons of Mexican and Puerto Rican and Other Spanish Origin*. Washington, D.C.: U.S. Bureau of the Census, 1972, Series P-20, No. 238, p. 8.

14. *New York Times*, November 12, 1972.

tive terms it is clear that minorities are the most severely handicapped by inequities of income.

Minority groups suffer all the disadvantages of low-income status as well as all the racial injustices of the society. The effects are compounded. If a student from a poverty family happens also to be from a minority background, his chances of entering and completing college are still further reduced. As an example, Table 9 indicates for one minority group the disparities in college-going rates by income level.

Table 9. Percent of Families with One or More Members 18-24 Years Old Enrolled in College Full Time. By Income and Race. 1970

	Black	*White*
Under $3,000	11%	16%
3,000-4,999	20	22
5,000-7,499	26	30
7,500-9,999	30	33
10,000 and over	36	51
(10,000-14,999	34	43
15,000 and over)	39	59

Source: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 42, p. 86

As Table 9 indicates for both blacks and whites, college enrollment of 18-24-year-olds in 1970 tended to rise with family income. However, the rate is consistently higher for whites at each level. Among black families with incomes under $3,000 and with a family member 18 to 24 years old, 11 percent had at least one member enrolled in college, in comparison with 16 percent for white families in the same group. The gap widens at higher-income levels; for families with incomes over $10,000 the rate of attendance is 36 percent for blacks and 51 percent for whites.[15]

This section describes the inadequacy of higher educational opportunities for minority youth. Unfortunately, the task of documentation is hampered by a paucity of consistent data relating to the education of minority groups. The analysis below draws on available

15. *The Social and Economic Status of the Black Population in the United States*, 1971, op. cit., p. 86.

information for four principal minority groups—blacks (the only minority population for which substantial, although often conflicting, data have been gathered), Puerto Ricans, Chicanos (Mexican Americans), and Native Americans (Indians). The panel recognizes that there may be other and smaller minorities who encounter inequities in opportunity for higher education, but data are not available to document their plight.

Elementary and secondary schooling. The process of exclusion from the benefits of higher education begins with inadequate prior schooling. A great many minority youth miss out very early in the game. Poor schools, racial and cultural isolation, negative attitudes of teachers and counselors, high dropout rates—the tragedy of elementary and secondary education for minorities has been widely documented. For minority youth the possibility of college attendance is often extremely remote because early schooling has failed them.

Dropout rates tell much of the story. Among youth of Spanish-speaking origin, for example, attrition is astoundingly high at the elementary and secondary levels. A recent report of the United States Commission on Civil Rights estimates that about 40 percent of Mexican American (Chicano) youth in five Southwestern states do not complete high school, compared to 14 percent of Anglo youth in the same states. The estimated dropout rate for blacks in the study is only slightly lower than for Chicanos.[16] It has been estimated that 50 percent of American Indian school children drop out before completing high school.[17]

Data from New York State indicate similarly wide disparities by race. The holding power (persistence from ninth to twelfth grade) of public school students is only 56 and 47 percent for blacks and Spanish-surnamed (largely Puerto Rican) students respectively, compared to 86 percent for all other students.[18]

Recent census data and other national statistics on years of schooling completed by minority groups dramatize their educational handicaps. For example: The median level of schooling of Native Ameri-

16. U.S. Commission on Civil Rights, *The Unfinished Education: Outcomes for Minorities in Five Southwestern States.* Mexican American Educational Series Report 11, October 1971, p. 11.

17. Virgil A. Clift, "Higher Education of Minority Groups in the United States." *The Journal of Negro Education*, V. 40, 1969, p. 292.

18. Manly Fleischmann, Chairman, *The Fleischmann Report on the Quality, Cost and Financing of Elementary and Secondary Education in New York State.* V. 1. New York: Viking Press, 1973.

cans is 5 years. Persons of Spanish-speaking origin who are 35 years old or more have a median of 8.5 years of schooling compared with 12.0 for the rest of the population. Nineteen percent of persons of Spanish-speaking origin 25 years and over have completed less than 5 years of school; 5 percent of the total population have less than 5 years of school. Thirty-three percent of the Spanish-speaking origin group 25 and over have completed 4 years of high school, compared to 58 percent for the total population. In 1971, 54 percent of black men 25 to 29 years old completed secondary school compared with 80 percent of white men. Sixty-one percent of black women in this age group completed high school, compared with 78 percent of white women.

College entry. The educational gaps between minority and majority youth widen further at each level of the education system. Among minority high school graduates, the number who pursue postsecondary education is disproportionately low. According to the Civil Rights Commission, for example, only about one in three Chicanos completing high school in the Southwestern states subsequently enter college, compared to more than one in two Anglos in the region.[19] It is estimated that fewer than one in five American Indians graduating from high school enter postsecondary education.

But the true deficit in minority college enrollments must be gauged in terms of the college-age population. Minority college-age youth are grossly underrepresented in higher education. For example, census and other data indicate the following.

Of the college-age population, 3.7 percent are Puerto Rican and Chicano, yet it is roughly estimated that in 1971 they represented less than 2 percent of college enrollments.

An estimated 140,000 Chicanos were enrolled as undergraduates in Southwestern colleges in the fall of 1971, 100,000 short of the number that would be proportionate to their representation in the college-age population of the region.

In New York City, where nearly 90 percent of the Puerto Rican population in the continental United States are concentrated, extremely few Puerto Ricans enter institutions of higher education. While their proportion of the college-age group in the city is not known, 20 percent of the public school population is Puerto Rican. Yet in 1970, among freshman day students in the City University of New York, only 6.6 percent were Puerto Rican in the senior colleges

19. *The Unfinished Education*, op. cit.

and only 7.7 percent were Puerto Rican in the junior colleges. In city institutions other than the City University, it is estimated that Puerto Ricans represent only 1.5 percent of enrollments.

In 1970, Native Americans accounted for only an estimated .1 percent of total college enrollment in the country, as contrasted with .6 percent of the national population. (Data are not available on the Native American's percentage in the college-age group, but one would expect this percentage to be still higher because of the low median age of the Native American population.)

The best available estimates indicate that blacks are currently 6 to 9 percent of college enrollment, although blacks are estimated to be 12.4 percent of 18- to 24-year-olds and about 13.5 percent of 18-year-olds. And these latter proportions will increase during the next decade.

Census figures indicate that the fraction of 18-year-olds who are black will grow to about 16 percent in 1980 and 18 percent in 1984 (see Figure 1).

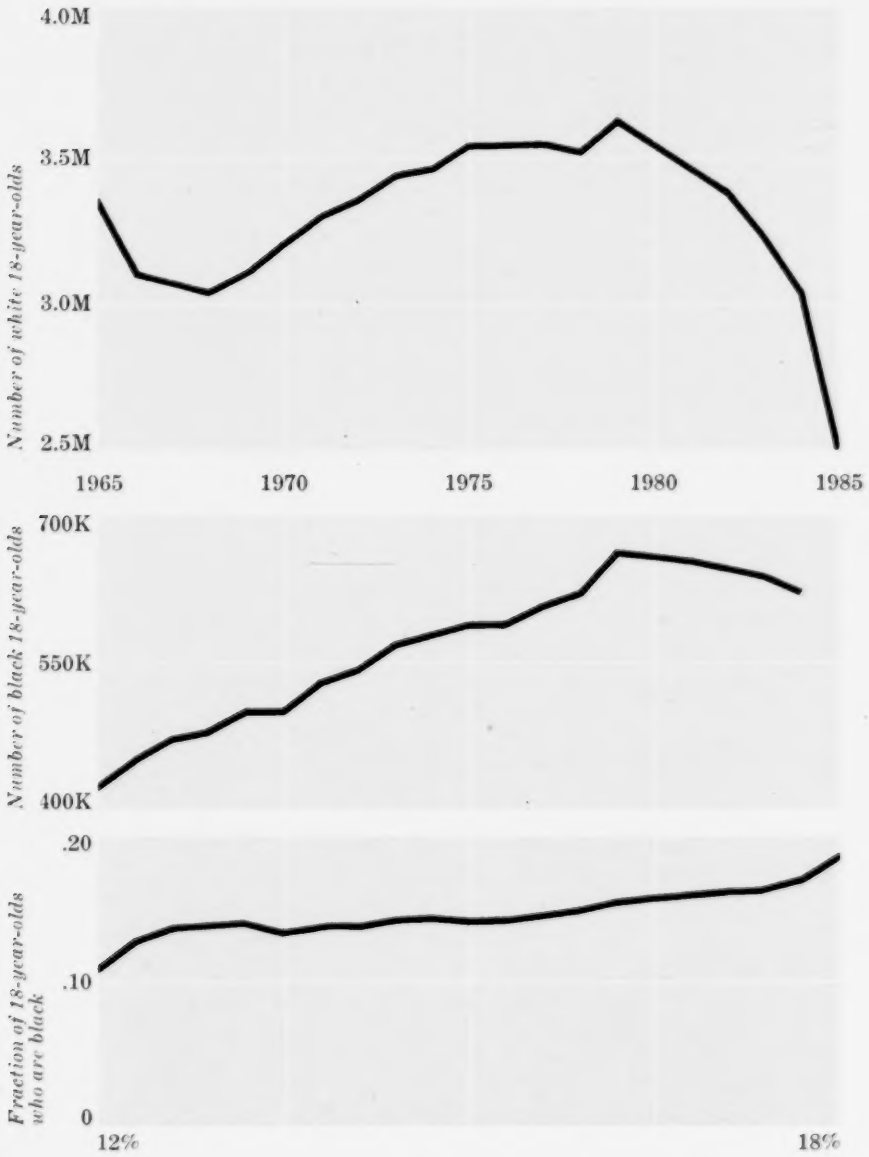
Much publicity has been devoted in recent years to the "great progress" of minorities, particularly blacks, in continuing their education beyond high school and to the new efforts of colleges in recruiting disadvantaged minorities. A study by Robert Berls of the United States Office of Education indicates that between 1963 and 1968 the percentage of nonwhite 18-year-olds graduating from high school jumped from 36 to 63 percent. Simultaneously, the proportion of nonwhite high school graduates entering college increased from 38 to about 46 percent. Despite these improvements, during the same five years – a period in which black enrollment is presumed to have doubled – the gap between the percentage of nonwhite and white

Table 10. White and Nonwhite High School Graduates Entering College. 1963-68. In Percent

	Nonwhite	*White*	*Gap*
1963	38.09%	45.57%	7.48%
1964	38.67	49.23	
1965	43.38	51.67	
1966	31.57	51.72	
1967	41.86	53.06	
1968	46.20	56.62	10.42

Source: Adapted from Robert Berls, an unpublished paper, "Blacks and Higher Education." Washington, D.C.: U.S. Office of Education, 1971

Figure 1. 18-Year-Olds by Race, 1965-1985



high school graduates entering college actually widened, from 7 to 10 percent. By 1968, the proportion of non-white high school graduates entering college had just barely reached the level for whites in 1963. (Despite an abundance of data, the statistical picture of blacks in higher education is fraught with ambiguity. There is no agreement among data sources on the number of blacks enrolled in higher education. Inconsistencies result from the imprecise nature of racial designations; differences in the treatment of part-time, non-degree-credit, and graduate students; and differing methods of data collection and analysis. For 1968, estimates of black undergraduate enrollment ranged from a low of 293,000 students to a high of 434,000. Estimates for 1972 of the percent of black students in the college population range from 6 percent to slightly over 9 percent. There will be no way out of the maze of figures until systematic and direct counts of black students are made.)

Thus in relative terms it is difficult to substantiate the claims of "great progress" for blacks or other minorities in higher education during these years. While there has apparently been some improvement in high school graduation rates for minorities, and while minorities seem to have shared almost disproportionately in the rise in college entry during this period, there is no evidence of the differential increases that must occur in order to bring about a condition of equality in opportunities for higher education among all groups.

Recent census data on the social and economic status of Puerto Ricans in New York City indicate minimal progress in educational attainment during the past decade. By 1970, one Puerto Rican in five among adults over 25 had a high school diploma, in comparison with one in eight in 1960. However, there was virtually no increase during the decade in the percentage of Puerto Ricans over 25 who held college degrees; this figure remained steady at a meager 1 percent.[20]

Retention in higher education. Comparative data on college completion among blacks and whites 25 to 34 years of age actually indicate a loss of ground and suggest that the gaps may widen further. From 1960 to 1968, the difference increased between the percentage of blacks and the percentage of whites in this age group who had finished four years of college:

---

20. *New York Times*, August 29, 1971.

	1960	*1968*
White	11.7%	15.7%
Black	4.3	6.3
Difference	7.4	9.4

Source: Michael J. Flax, *Blacks and Whites.* Washington, D.C.: The Urban Institute, 1971

If present trends are allowed to persist, it is estimated that the gap will be no smaller in 1976, and by 1987 blacks would just reach the 1968 level of college-educated whites in the 25 to 34 age group.[21]

Whether such a projected lag can be averted during the next two decades will depend not only on increased college entry of minority students but also on their increased retention in higher education.

What little data exist suggest that minority students who enter college persist at a rate considerably below that of majority students. For example, estimates by the Civil Rights Commission for the Southwestern states indicate that only one in four Chicano students who enter higher education actually graduate, in comparison with one in two Anglos and one in 3.5 blacks.[22]

Increased retention will require new curriculums and supportive services needed by minorities (and desired by other students) once they are in college. Later in this report the panel advances a major recommendation addressed to these needs. But it should be noted that retention is very closely related to the type of institution in which a student enrolls. In general, less selective public four-year and two-year community colleges have the highest attrition for both majority and minority students.

Distribution of minority students within higher education. The panel highlights once again the importance of the way in which students are distributed among types of colleges and universities. Because low-income youth are far more likely to attend two-year colleges and other relatively inexpensive institutions, and since a disproportionate share of low-income youth are from minorities, it is not surprising that minority students are concentrated in low-cost and lower-quality institutions (although low-cost and lower-quality certainly do not always go together).

Over 25 percent of black students are enrolled in two-year colleges,

21. Michael J. Flax, *Blacks and Whites.* Washington, D.C.: The Urban Institute, 1971, p. 10.

22. *The Unfinished Education*, op. cit.

and the trend seems to be upward as an increasing number of black youth have little choice but to enroll in nearby low-cost or tuition-free community colleges, usually located in urban centers where expansion of these institutions has been and will continue to be concentrated.

In a recent study by the College Entrance Examination Board of Mexican American access to higher education in the Southwest, it was found that while Mexican American enrollment is increasing each year, the bulk of the growth is taking place in the community colleges. Currently, 90 percent of all Mexican American students attending college in the Southwest are enrolled in public institutions, and more than twice as many attend community colleges as state colleges and universities.[23]

Similarly, Native American students in higher education are more likely to be in two-year colleges than are other students, and the data show that their rate of persistence depends greatly upon the type of institution attended. Native Americans who enroll in two-year colleges have between a 4 and 14 percent chance of obtaining a bachelor of arts degree in comparison with about a 25 percent chance for other students. Native Americans attending four-year institutions persist at nearly the same rate as majority students.[24]

While enrollment patterns for minority students are often considered to be a function of lower measured ability or achievement, there is evidence that an unusually high percentage of high-achieving blacks are enrolled in two-year colleges. Table 11 compares, for different levels of high school academic achievement, the percentage of male blacks and whites who continued their education at different types of institutions.

Male black students at the top achievement level are nearly three times as likely to attend a two-year college as a male white student at the same achievement level. Conversely, the highest achieving white males are almost twice as likely to enroll in a university as the highest achieving blacks. Moreover, despite great claims that minority enrollments are lowering standards at institutions of higher education, these data indicate that low-achieving whites are nearly three times as likely to be enrolled in universities as are lowest-achieving blacks.

---

23. College Entrance Examination Board, *Access to College for Mexican Americans in the Southwest*. New York: College Entrance Examination Board, 1972, p. 9.

24. Testimony of Frank Newman before the House Special Subcommittee on Education, April 1971.

Table 11. Distribution of Male Students Among Types of Institutions. By High School Grade Averages. 1970. In Percent

Average high school grade	*Percent enrolled in two-year colleges*		*Percent enrolled in four-year colleges*				*Percent enrolled in universities*	
			Predominantly white		*Predominantly black*			
	Blacks	*Whites*	*Blacks*	*Whites*	*Blacks*	*Whites*	*Blacks*	*Whites*
A or A+	10%	4%	12%	40%	46%	.09%	33%	56%
B+. . .	24	12	25	43	24	.13	27	44
B . . .	16	24	19	40	44	.18	19	36
C+. . .	28	44	18	33	41	.28	14	23
C . . .	42	59	16	26	34	.29	8	16
D . . .	54	66	21	21	21	.47	5	14

Note: Rows may not add up to 100 percent because of rounding.

Source: Adapted from American Council on Education *National Norms for Entering College Freshmen*. Fall 1970

The growth of community colleges is undoubtedly helping to expand opportunity for minority students in many parts of the country, but the panel believes that the kind of opportunity made available by these institutions and the quality of the educational experience they offer must be considered very carefully and realistically. One writer has recently suggested that community colleges may be emerging as the new "slums of higher education": ". . . available national evidence suggests a continuing, perhaps worsening, pattern of socio-economic and racial segregation between public two-year and four-year institutions of higher education. In urban areas, it is not uncommon for three-quarters of the students to live within a few miles of the college, so that the segregation that afflicts them at home pervades their education as well. For many students, changes in environment produce changes in academic achievement, and some evidence suggests that the impact of a learning environment increases as it approaches being a total institution. But community college students must study while living at home, and in many cases they are unable to escape the atmosphere that originally contributed to their academic difficulties."[25]

25. Thomas Corcoran, "The Coming Slums of Higher Education." *Change*, September 1972, V. 4, No. 7, p. 32.

The panel is further concerned about the patterns of minority enrollment in two-year colleges. A study by Elias Blake Jr., President, Institute for Services to Education, warns that a number of minority students in two-year colleges are being "programmed for failure" through enrollment on a non-degree-credit and often part-time basis. "A major question" says Blake "is whether too many Black youth are being directed into such terminal programs when the need is for programs giving the option for transfer to a four-year college."[26]

Blake presents data from the Los Angeles Community College District showing that the more blacks and Chicanos in a given institution, the heavier the enrollment in non-degree-credit work. At Los Angeles Tech Community College, for example, with 70 percent minority students, non-degree-credit enrollment is nearly 60 percent; Los Angeles Valley Community College, on the other hand, with 12 percent minority students, has only 20 percent non-degree-credit enrollment. There is also evidence that the proportion of part-time enrollees rises with increased minority representation. According to Blake, "It could well be that a substantial portion of the so-called increased enrollment of Blacks in higher education are part-time students, in non-degree credit work with substantial financial problems and married with families. . . . They need to be almost superhuman to survive all the obstacles and gain college degrees or their vocational goals."[27]

Like Blake, the panel is concerned that these patterns of enrollment of minority students in terminal and part-time programs are not simply a function of voluntary choice by students but may instead result from a "programming" or conscious tracking of minority students within the educational system.

While a full statistical profile of minority groups in higher education cannot be assembled from available sources, the data presented here are sufficient to demonstrate that minority students do not have college opportunities equal to those of majority students.

Equal opportunity demands, as the panel has noted earlier, equal access for minorities or parity of enrollment. Such parity will be achieved only when minority students of college age enroll in higher

26. Elias Blake Jr., Unpublished paper delivered before National Policy Conference on Higher Education for Black Americans: Issues in Achieving More Than Just Equal Opportunity, April 1972.

27. Ibid.

education at the same rate as similar age majority students. In the case of blacks, at least a doubling of their undergraduate enrollment is called for in order to match the proportion of blacks in the college-age group. But access alone is not sufficient; equal opportunity also demands equalization in the distribution of minority and majority students among types of colleges and universities, and among types of programs. Simultaneous progress along both dimensions is essential to the goal of equal opportunity for higher education.

Federal Policy and Low-Income Students

Fundamental to the achievement of equal opportunity is the elimination of financial barriers to higher education for poor and minority youth. Federal higher education policy is still failing to meet this goal or to meet its own equal opportunity objectives.

The reasons for the failure of federal policy to correct the inequities in opportunity for higher education are many and complex. Some, however, can be isolated. Historically, the objectives of federal aid to higher education have been: to increase the number, proportion, and quality of the educated within society; to increase the advanced knowledge accessible to the society; to meet the society's needs for highly skilled manpower that can support technological progress; and to increase equality of opportunity for higher education among members of the society.

Most of these objectives emerged to meet urgent needs of society, and gradually specific programs were developed to serve them. But the pace of change continues to accelerate, and society calls for new programs and new actions to meet today's objectives. Old programs are maintained after their purpose has been served.

The primary objective of equality of opportunity was embodied in legislation during the middle and late 1960s. This legislation included programs to ease the financial burden of higher education for students and families, to develop institutions enrolling substantial numbers of the poor, and to train personnel who teach and work with the poor.

Since this commitment of the sixties, there has been a growing reluctance on the part of the government and some segments of the general public to continue the focus and support (however inadequate) of programs specifically designed to meet equal opportunity objectives.

Distribution of federal higher education subsidies. Existing programs aimed at objectives other than "equal opportunity" may, in fact, inhibit the achievement of equal opportunity goals. This can be demonstrated, for example, by the current pattern of federal subsidies to higher education that on the average tends to give far greater support to higher-income students because of their high enrollment in institutions receiving large shares of federal subsidies.

The patterns of federal subsidy that result from current federal

higher education programs are described in a paper by David S. Mundel prepared for the Joint Economic Committee of Congress.[28]

In summary, the paper clearly indicates some of the major effects of current subsidy patterns on differing types of institutions and consequently on students from families of differing income levels. Although the data are for the academic year 1966-67, they do provide a reasonably accurate description of federal subsidy patterns in subsequent years.

In 1966-67, over $3 billion in federal funds was given to higher education institutions through direct appropriations, government sponsorship of education programs, and through government-sponsored research.

Mundel presents data demonstrating that these funds are extremely unevenly distributed among different types of institutions. The lion's share is going to large universities, both public and private, with considerably less to four-year colleges (both public and private) and relatively little to the two-year colleges. These latter two groups of institutions, which enroll high percentages of poor and minority students, continue to receive inordinately small shares of all funds no matter which federal program is examined.

When per student expenditures are analyzed, Mundel finds that the result again favors large universities and colleges. In funds for academic research, for instance, private universities received in 1966-67 an average of $1,524 per student, four-year private colleges $343, and two-year colleges only $56 per student. Removing from consideration that portion of research funds which does not relate to instructional programs, the effect of the subsidies on differing types of institutions is still starkly evident. Private universities receive approximately $534 per student, while four-year colleges get $97 and two-year colleges only $46. For public institutions, the range is similar; universities receive $338, four-year colleges $159, and two-year colleges $51.

A comparison of such data with the family-income distribution of students among types of institutions dramatizes the regressive patterns of support resulting from current federal programs directed at institutions. Depending on what federal subsidies are included in the

28. David S. Mundel, "Federal Aid to Higher Education: An Analysis of Federal Subsidies to Undergraduate Education," p. 444 in The Joint Economic Committee, *The Economics of Federal Subsidy Programs*. Washington, D.C.: U.S. Government Printing Office, 1972.

analysis, students in two-year public institutions, 60.4 percent of whom have family incomes below $10,000, receive from 2 to 33 percent of the annual subsidies received by students in private universities, 70.4 percent of whom are from families with incomes in excess of $10,000. Table 12 presents estimates of the average annual subsidies per student by income level.

Table 12. Annual Higher Education Subsidies Resulting from Federal Institution-Oriented Programs. By Income. In Dollars Per Student

Family income	*Dollars per student*
Less than $4,000	$165
4,000-6,000	172
6,000-8,000	179
8,000-10,000	190
10,000-15,000	205
15,000-20,000	218
20,000-25,000	236
25,000-30,000	241
More than 30,000	261

Source: David S. Mundel, op. cit.

The subsidy pattern is clearly regressive. At the extreme income levels, for example, a student whose family's income is more than $30,000 receives 58 percent more subsidy than the student from a family with a $3,000 income.

Three federal student aid programs. Total direct federal subsidies to undergraduate students amounted to approximately $2.3 billion in 1970-71 and will reach an estimated $3.1 billion in 1972-73. However, more than two-thirds of these amounts are accounted for by Veterans Educational Benefits under the G.I. Bill and social security payments for education, both of which subsidize students as a matter of right without regard to income level or financial need.

The only federal higher education programs that are, in fact, progressive, because they are based on need, are the three principal student aid programs administered by the United States Office of Education: Educational Opportunity Grant Program (EOG), National Defense Student Loan Program (NDSL), and College Work-Study Program (CWS). (The Guaranteed Student Loan Program [GSL] is

still another major student assistance effort, and while it aids significant numbers of students from lower-income families, it is designed primarily to erase the burden of college costs for higher-income families.) Substantial federal funds are also provided students through the Veterans Administration and the Social Security Agency. This discussion will focus on the three basic programs administered by the U.S. Office of Education, not only because funds through these programs are more evenly distributed among colleges and students, but also because in each of these programs "financial need" is a criterion for student eligibility.

Table 13 indicates the effects of these programs on students from various income categories. It should be noted that the table indicates average federal funds, distributed over all enrolled undergraduates in each income bracket, and not the amount of financial aid actually received by individual students.

Table 13. Distribution of Student Aid Funds Disbursed by Academic Institutions, 1966-67. In Dollars Per Student

	Private institutions			*Public institutions*		
Family income	*Universities*	*4-year*	*2-year*	*Universities*	*4-year*	*2-year*
Less than $4,000	$344	$275	$167	$372	$263	$131
4,000-6,000	304	237	139	296	201	75
6,000-8,000	251	186	102	194	117	12
8,000-10,000	200	138	66	99	44	—
10,000-15,000	82	26	0.3	—	—	—

It is clear that the student aid funds from these programs are more focused on lower-income students than other federal higher education funding.

But how effective are these programs in lowering the financial barriers to higher education for the neediest of students? Assuredly, they have helped thousands of low-income and minority students to fulfill their expectations for higher education and to stay in college and graduate.

For poor and minority students, however, economic obstacles continue to hinder opportunity and frustrate aspirations for higher education. The programs have not substantially removed these obstacles or achieved equal opportunity objectives.

If the programs were funded and operated effectively, the results should be evidenced in a narrowing of gaps in enrollment rates by income level. On the basis of available data, however, it appears that no such progress has taken place. An analysis of recent United States census data, for example, suggests that between 1967 and 1970 there was little or no change in enrollment rates of students from different income quarters; in fact, the gaps widened slightly for students in the lowest-income quarter.

Table 14. Enrollment of 18- to 24-Year-Olds in Higher Education. 1966 and 1970. By Income. In Percent

	Income quarters			
	Bottom	*2*	*3*	*Top*
1967	21.7%	32.7%	45.2%	58.2%
1970	19.6	33.1	44.6	59.9

Source: Adapted from U.S. Bureau of the Census, *Current Population Reports*, Series P-20, Numbers 180 and 222

The potential of these programs for greater impact has been diminished by: inadequate and uncertain levels of funding; inequitable distribution of funds to students caused by the state and institutional allotment procedures that are either inherent in the authorizing legislation or built into administrative regulations governing the programs; and the practices of colleges and universities administering the funds.

Inadequate and uncertain levels of funding. When Congress passed the Higher Education Act of 1965, it recognized the needs of two new groups of students: those from middle- and upper-income families; and those with "exceptional financial need." The Guaranteed Student Loan Program (GSL) was directed to the first group to provide them with an easier and more convenient way of financing educational costs. The Educational Opportunity Grant Program (EOG) was to provide funds to exceptionally needy undergraduate students to enroll in higher education "who for lack of financial means would be unable to obtain such benefits without such aid." These additions to the existing National Defense Student Loan Program (NDSL) and College Work-Study Program (CWS) promised to create a comprehensive federal student assistance effort. The EOG Program, together with new assistance for talent search (Title IV-408) and aid for "de-

veloping institutions" (Title III) contained in the Act, all seemed to represent a new national commitment to equal opportunity objectives. Since 1966, however, appropriations and resulting expenditures for NDSL, CWS, and in particular EOG, suggest that the commitment was not sustained.

Of the three programs, EOG is the most egregious example of underfunding, not only when compared to its authorized levels of expenditure, but especially when compared to the great financial need of the students it was designed to assist. In 1966, the first year of the EOG Program, $50 million was appropriated – enough to aid 123,000 students with initial awards. (During the first year of the program, all students were considered initial-year recipients.) Funding gradually increased until 1968 when grants were provided to some 146,000 entering students. By 1970, however, the program was reduced to a level lower than during its first year, providing initial awards to only 101,000 students. These reductions in the program take on added significance when viewed against rapidly rising enrollments and college costs during these years (see Figure 2). The pattern of EOG expenditures is illustrated in Table 15.

Table 15. Numbers of Students Receiving EOG Awards. By Year

Initial year	*1966*	*1967*	*1968*	*1969*	*1970*	*1971*
Awards	123,165	137,791	146,858	100,200	101,800	120,500*
Renewals	–0–	69,264	111,317	180,400	188,400	176,000*

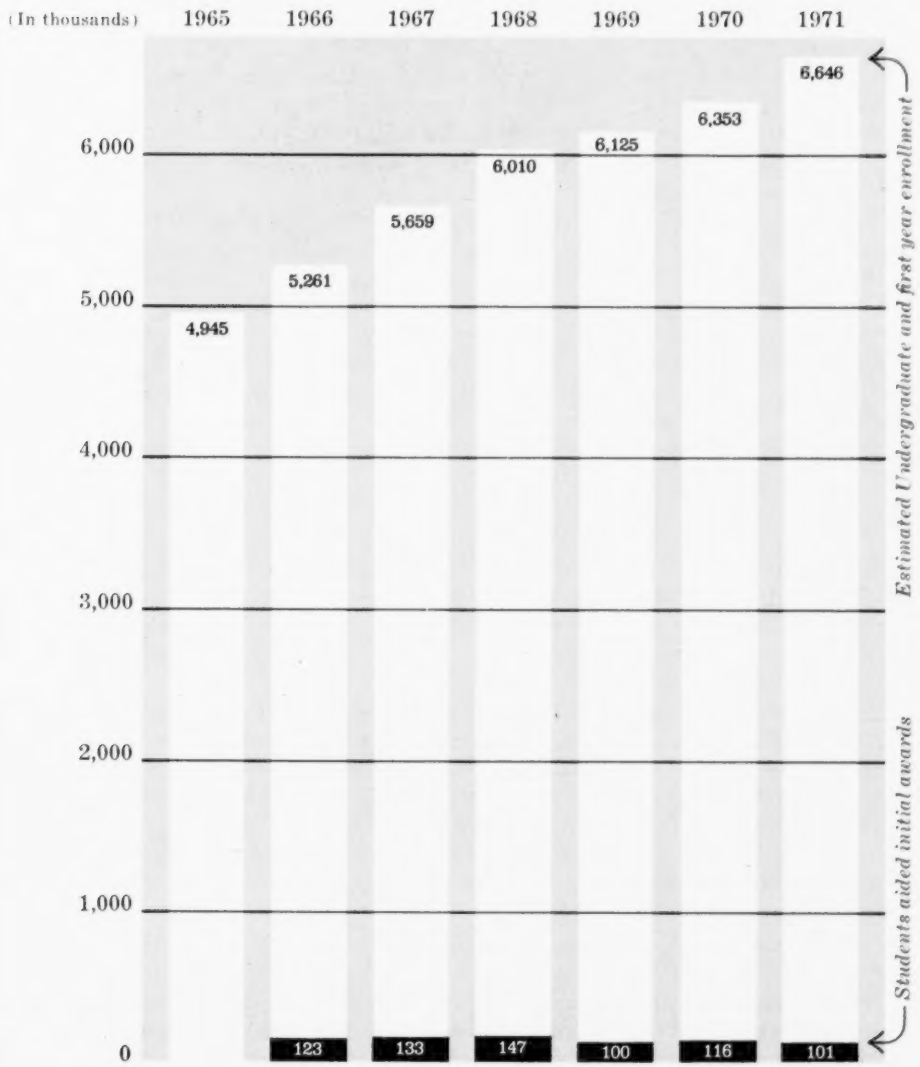
*Estimated

Source: *Bureau of Higher Education Factbook*. Washington, D.C.: U.S. Office of Education, 1971

Renewals, or awards to continuing students, increased as each succeeding undergraduate class was aided. As required by law, renewals must be met from available funds before any initial awards can be made. Thus while the rising number of renewals is an encouraging sign that the EOG Program has contributed to the retention of low-income students in higher education, it has also meant that the program contributed increasingly less to their initial enrollment in higher education, since relatively fewer entering students could be aided with first-year awards.

The need for initial year awards (as estimated by colleges participating in the program) has consistently exceeded – and by a widen-

Figure 2. Educational Opportunity Grant Program



Sources: Bureau of Higher Education, *Factbook*. Washington, D.C.: U.S. Office of Education, 1971

National Center for Educational Statistics, *Projections of Educational Statistics to 1980-81*. Washington, D.C.: U.S. Office of Education, 1971

ing margin in recent years – the funds available by Congressional appropriation. For example, even after Congress voted a $45 million supplemental appropriation for EOG last spring to help cover the severe shortage that was projected for 1972-73, only $78 million is available for first-year EOG grants during the current academic year, compared to $215 million in institutional requests approved by U.S. Office of Education Regional Review Panels. Funds for 1972-73 are sufficient to aid only 128,000 initial-year recipients or 32 percent of panel-approved requests.

The dearth of funds for initial awards takes on an added dimension when one considers that the legislation creating the program stipulated that, as a condition of institutional participation, colleges and universities actively search for and make tentative commitments of grants to exceptionally needy students during their early high school years. Such commitments can hardly be made or new students recruited when available funds cannot meet the needs of enrolling students.

The current levels of funding and the uncertainty that students (as well as colleges) have about the availability of funds have made this program another one that raises hopes only to frustrate them. The panel believes that early and certain knowledge of available funds is essential to any program that seeks to maximize the enrollment of low-income students. Certainty of the availability of funds is necessary, and their amount and kind. Such assurances would raise college aspiration levels of students and their motivation to complete high school.

While NDSL is the largest and best funded of the three programs, it too has suffered greatly from inadequate appropriations. NDSL moneys have consistently fallen short of authorized funding levels and the needs of students. Only twice in its 13-year history has NDSL been fully funded. Since 1965, appropriations for NDSL have ranged from 70 to 85 percent of authorized expenditures, and about the same percentage of institutional requests for funds have been approved by regional panels.

Inadequate funding of this program denies to needy students (and particularly minority students) their principal opportunity for obtaining loans, since these are the students who experience continuing difficulty in borrowing from the private lending agencies that administer the Guaranteed Student Loan Program. Nearly 80 percent of NDSL funds are received by students from families with incomes less than $9,000. They and their families are typically not customers

of private lending institutions and are often considered by them to be "high risk" borrowers.

Since 1969, there have been only insignificant increases in the numbers of students assisted by College Work-Study. Higher college costs and increased wage levels have tended to absorb the modest rise in CWS appropriations each year. Over the last several years, expenditures for this program, as well as for NDSL, have been essentially "flat," whereas enrollment has increased in higher education. This is illustrated in Figures 3 and 4.

The underfunding of the three programs—EOG, CWS, NDSL—is summarized in Table 16, which indicates the percentage of approved institutional requests that could be met with available funds in the academic years 1970-71, 1971-72, and 1972-73.

Under all three programs available resources increasingly fall short of student needs. Again, the most seriously underfunded is EOG, the program most specifically directed to lower-income students; appropriations are adequate to meet slightly less than one-third of need in the academic year 1972-73, compared to three-fourths of need in 1970-71.

The panel believes that these fluctuations in available funds can only be avoided if programs to aid needy students are not dependent on annual appropriations with uncertain levels of funding.

Funding problems clearly weaken existing programs designed to remove financial barriers to higher education for the poor. But even adequate funding would not make these programs effective or equitable because of inherent problems in procedures for allocating funds to states, institutions, and students.

State allotments. Current state allotment formulas create a significant barrier to an equitable federal student aid system. The significance of this barrier can be illustrated by examining the effect the application of the formulas has on fund distribution and the consequent lack of availability of moneys to lower-income youth attending college. First, it is necessary to describe briefly the statutory allotment formulas.

The allotment to the states of NDSL and initial-year EOG funds takes place under identical formulas. Each state receives an amount or share of available funds in direct proportion to the number of full-time students enrolled in higher education in the state.

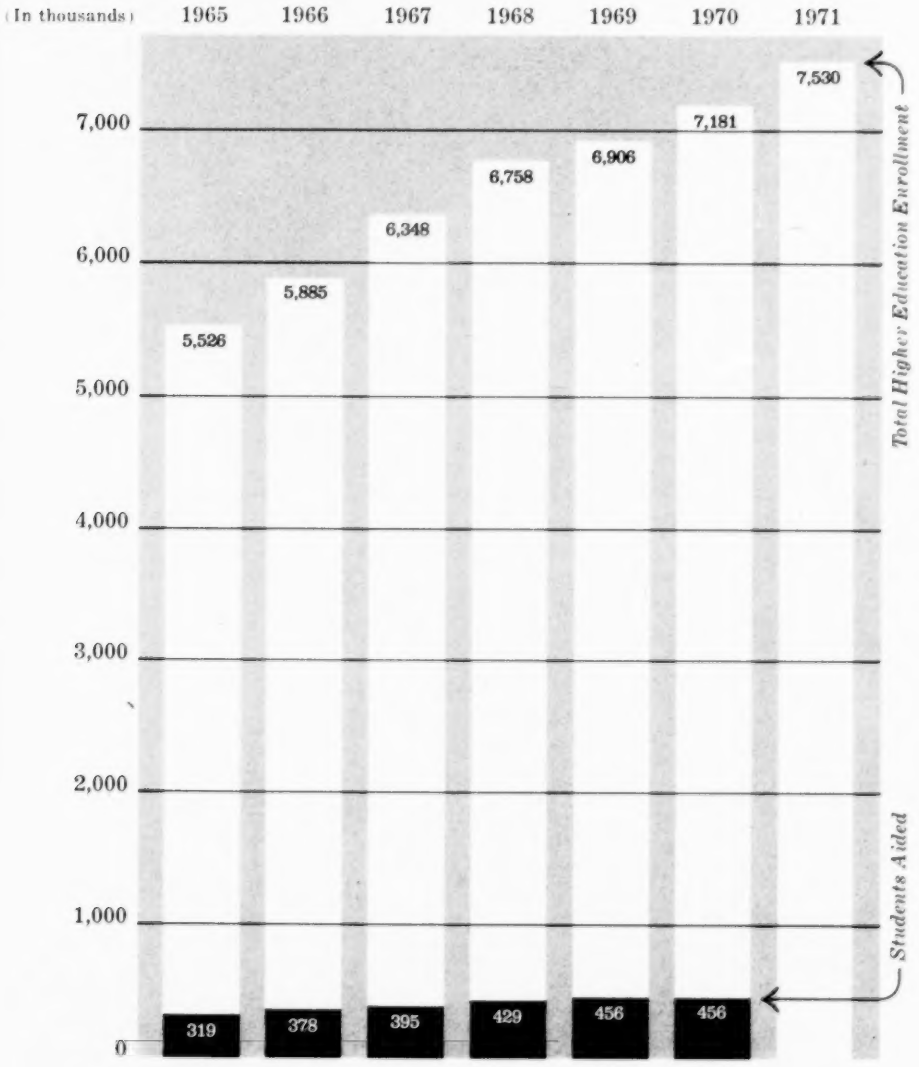
For NDSL, the allotment formula only affects newly appropriated NDSL capital contributions and not the repayments from previous borrowers (these are collected and placed in a loan revolving fund by

Table 16. Federal Student Aid: Institutional Requests and Available Resources. By Academic Year

	1970-71			*1971-72*			*1972-73*		
	Approved institutional applications	*Institutional allocations*	*Percent*	*Approved institutional applications*	*Institutional allocations*	*Percent*	*Approved institutional applications*	*Institutional allocations*	*Percent*
CWS	$234.4	$199.7	85.2%	$305.7	$237.4	77.6%	$399.6	$270.2	67.0%
EOG Initial. .	118.4	89.0	75.2	156.3	75.3	48.2	214.7	78.2	32.0
EOG Renewal.	91.1	91.1	100.0	100.0	100.0	100.0	132.1	132.1	100.0
NDSL	279.5	236.5	84.6	338.1	293.0	27.8	454.1	293.0	64.5

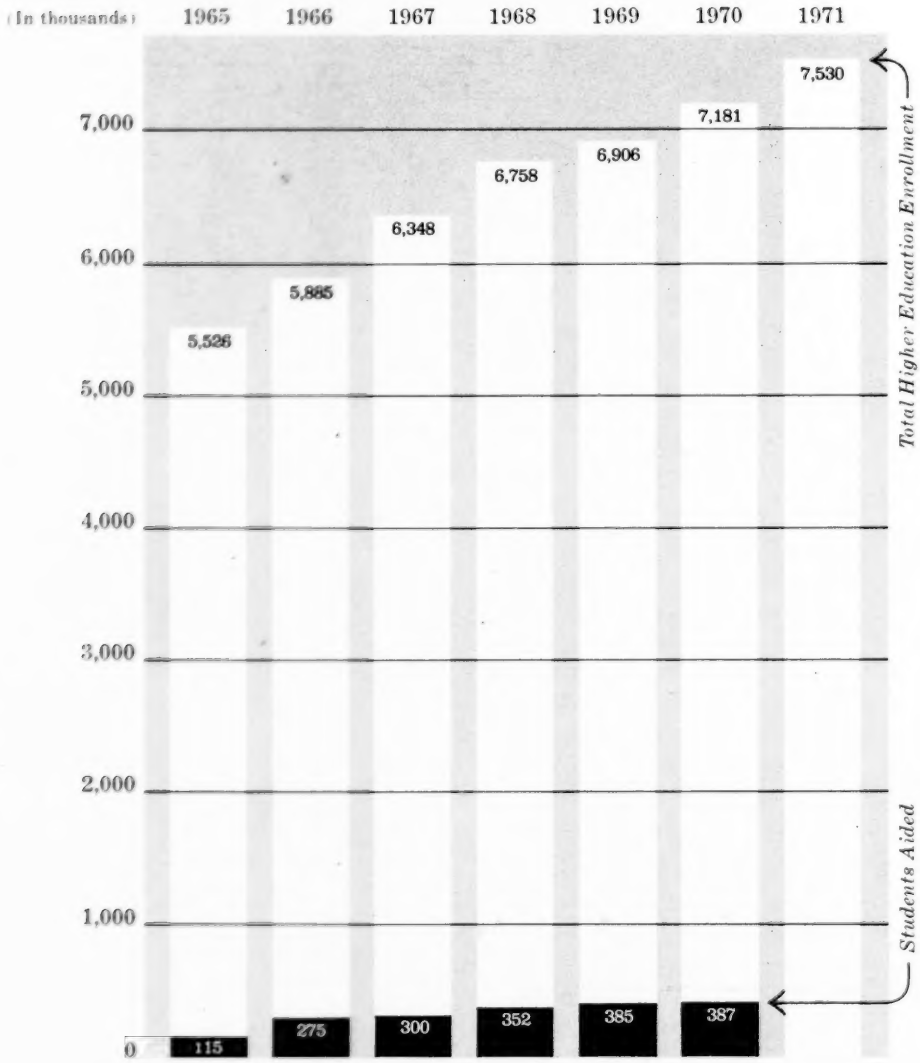
Source: Division of Student Assistance, U.S. Office of Education

Figure 3. National Defense Student Loan Program



Sources: Bureau of Higher Education, *Factbook*. Washington, D.C.: U.S. Office of Education, 1971
National Center for Educational Statistics, *Projections of Educational Statistics to 1980-81*. Washington, D.C.: U.S. Office of Education, 1971

Figure 4. College Work-Study Program



Sources: Bureau of Higher Education, *Factbook*. Washington, D.C.: U.S. Office of Education, 1971
National Center for Educational Statistics, *Projections of Educational Statistics to 1980-81*. Washington, D.C.: U.S. Office of Education, 1971

each institution). Therefore states in which institutions have larger collections because they have participated longer in the NDSL Program or have received larger capital contributions will have larger loan programs than will institutions in states that have only recently joined the program or states that are just joining. Although the institution's request for federal capital contributions represents the difference between the desired level of its lending program and the repayments it expects, the existence of contributions from these collections means that if funds are constrained, states in which institutions are new to the program would tend to fall proportionately further below their desired program levels than would states in which institutions have older, more established programs.

College Work-Study funds are allotted among the states on the basis of a three-part formula: one-third on the same basis as initial year EOG awards and NDSL capital contributions; one-third on the basis of each state's share of the nation's high school graduates; one-third on the basis of each state's share of 18-year-old children living in families whose annual incomes are less than $3,000.

The distribution of funds among states resulting from these allotment formulas is given in Table 17.

Clearly, Table 17 illustrates that a student's chances of receiving financial aid under any one of the three programs is dependent on where he lives or where he goes to college. Thus the programs do not treat students in a given income class equitably across state lines and constrain society's ability to achieve equality of opportunity.

The panel believes that each of the formulas is inequitable because each has little, if any, relationship to either concentrations of low-income high school graduates or their college enrollment. This inequity may be as great as four to one across the states. Efficient and appropriate national student aid programs should be designed to achieve horizontal equity – equal subsidies – among classes of aided students. Current state allotment formulas obstruct this objective.

Institutional allotments. After state allotments are made, funds are distributed among colleges and universities within the state. There are still further inequities apparent in this second distribution of funds.

Colleges and universities submit their requests for funds for each program to regional panels that then review and verify the reasonableness of each institution's stated need. Because the income distribution of students varies widely by institution, and some institutions are more effective in establishing "need" and maximizing their

Table 17. Effects of State Allotment Formulas under Federal Student Aid Programs. In Percent

State	NDSL/*Initial* EOG	*College Work-Study*
Alabama	1.5%	2.5%
Alaska	.05	.1
Arizona	1.0	.9
Arkansas	.9	1.4
California	10.8	8.4
Colorado	1.5	1.1
Connecticut	1.3	1.1
Delaware	.2	.2
District of Columbia	.8	.5
Florida	2.7	2.8
Georgia	1.7	2.8
Hawaii	.4	.3
Idaho	.4	.4
Illinois	5.0	4.5
Indiana	2.6	2.3
Iowa	1.8	1.7
Kansas	1.4	1.2
Kentucky	1.4	2.1
Louisiana	1.7	2.4
Maine	.4	.5
Maryland	1.5	1.5
Massachusetts	3.7	2.6
Michigan	4.4	4.0
Minnesota	2.2	2.0
Mississippi	1.1	2.1
Missouri	2.3	2.3
Montana	.4	.4
Nebraska	.9	.8
Nevada	.2	.2
New Hampshire	.4	.3
New Jersey	1.8	2.2
New Mexico	.6	.6
New York	8.3	7.2
North Carolina	2.4	3.5
North Dakota	.5	.5
Ohio	4.7	4.5
Oklahoma	1.6	1.5

State	NDSL/*Initial* EOG	*College Work-Study*
Oregon	1.4	1.0
Pennsylvania	5.0	5.2
Rhode Island	.6	.5
South Carolina	.9	1.9
South Dakota	.5	.5
Tennessee	1.9	2.6
Texas	5.4	6.1
Utah	1.0	.6
Vermont	.3	.3
Virginia	1.7	2.4
Washington	2.0	1.5
West Virginia	.9	1.2
Wisconsin	2.5	2.2
Wyoming	.2	.2

Sources: National Center for Educational Statistics, *Opening Fall Enrollment*. Washington, D.C.: U.S. Department of Health, Education and Welfare, 1969, Part A – Summary Data, Table 3 (college enrollment)

National Center for Educational Statistics, *Digest of Educational Statistics*. Washington, D.C.: U.S. Department of Health, Education and Welfare, 1969, Table 65 (high school graduates)

1959 estimates of children under 18 in families with incomes less than $3,000. (Although outdated, these are the estimates still used by the U.S. Department of Health, Education and Welfare.)

participation (i.e., their "grantsmanship" is superior), the system of institutional allotments does not insure equal treatment of students from equal economic circumstances. Some institutions are more generously funded than others, and not necessarily in relation to their number of low-income students.

A simple example using two institutions illustrates this result:

Institution	*Amount of request*	*Percent of request accounted for by students from families with incomes less than $8,000*
A	$100,000	80%
B	100,000	20

Institution A would not receive sufficient funds to meet the legitimate need of its students from families with incomes under $8,000,

while Institution B would have sufficient funds to aid all of its students from this category and resources left over for its less needy students.

During the past two years, the U.S. Department of Health, Education and Welfare has attempted to implement a modification of institutional allotment procedures under which funds for EOG and CWS can be targeted more directly toward lower-income students. One component of the system is a federally instituted guideline that directs the panels that allocate state allotments among institutions to give CWS and initial-year EOG funds preferentially to institutions with substantial numbers of low-income students with measured "financial need."

The shortages of EOG funds for initial-year awards and CWS moneys have greatly limited the possible impact of the new guideline. In addition, the guideline applied to only 20 percent of funds available for initial-year EOG awards and CWS. The panel supported this guideline change at the time it was proposed as a small but nevertheless significant step toward fulfilling the intent of the legislation creating EOG and CWS.

However, because of the restricted effect of this change, institutional allotment procedures remain an obstruction to equitable and efficient student aid programs. In fact, the procedures have systematically excluded thousands of low-income students from participating in these programs and hence, in many cases, from enrolling in higher education.

Low-income students have less access to nonfederal sources of financial assistance than middle- and upper-income students. Their dependence, therefore, on federal sources of aid is markedly greater. The panel believes that institutional allotments, like state allotments, should not be incorporated in future national programs of student assistance. Only by focusing scarce federal resources on the lowest-income students can equal opportunity in higher education be achieved.

To the inequities inherent in the allotment procedures, both to states and institutions, must be added still another source of inequity for the poor—the way institutions award financial aid to students.

Institutional aid practices. In 1967, George Schlekat reported findings of a study based on information colleges supplied the College Scholarship Service on 19,000 financial applicants for the academic year 1965-66.[29] The results of that survey indicated that "lower-

class" applicants were treated better in some ways as a result of their poverty, but in other ways "upper-class" students were favored. This was manifest not by the amount of aid received by the groups, but rather by the kind of aid. More affluent students were far more likely to receive larger proportions of "grant aid," and lower-income students were more likely to receive large fractions of their aid in the form of loans and work.

Schlekat stated that "the lower-class aid recipient was thus expected to mortgage his future more heavily and devote more free time in college to employment than the upper-class recipient, who was more likely to graduate with little or no indebtedness." The study found that 45 percent of all awards made to more affluent students were totally grants, while only 25 percent of the awards made to low-income students were grants. "The frequency of grant awards decreases in every step as social class moves from upper to lower."[30]

Schlekat's findings were reconfirmed recently in a similar study conducted for the CSS Panel on Student Financial Need Analysis during 1969-71.[31] This study sought to determine the relationships between student attributes and the financial aid practices of institutions. While the study did not specifically focus on aid provided through federally supported programs, such funds undoubtedly formed a substantial portion of the student assistance program administered by colleges within the study.

The 86 colleges providing detailed institutional data enrolled approximately a half million undergraduates—or about 10 percent of the nation's undergraduate enrollment—and administered in excess of $193 million in student assistance. Like Schlekat's earlier findings, the more recent study found that students from more affluent families attended higher-cost institutions, and because measured need is determined in relation to costs, they received as much aid as lower-income students attending lower-cost institutions. Other major findings were: High need was only weakly associated with increases in the grant share of the package and sometimes negatively correlated with the grant share. The greater the student's need, the smaller the proportion met by colleges and outside sources. In pri-

29. George Schlekat, "Do Financial Aid Programs Have a Social Conscience?" *College Board Review*, No. 69, Fall 1968, pp. 15-20.

30. Ibid.

31. Draft Report of Panel on Student Financial Need Analysis (the Cartter Panel), February 1971.

vate colleges, the proportion of financial need "met" fell by 3 percent for every $100 of additional need. In private institutions, the average effect of having need of $1,000 reduced the student's probability of admission by 7 percent. (Costs of private institutions made the impact of this effect even greater.) In public institutions, the average effect of similar need reduced the probability of admission by 11 percent (adjusted to take into account the effects of admissions policies at public institutions for out-of-state students). The students most likely to be excluded from higher education by inadequacies of aid are those with the greatest need.

Thus not only does high need affect the allocation and form of financial aid, but also one's probability of admission in the first place. It is a commonly held notion that, because of new recruitment efforts aimed at the disadvantaged, it is easier for poor minority students to be admitted to colleges and universities. The same CSS study, however, challenges this assumption: "The race of the applicants was available for seven of the private colleges and in the six cases where being black improved the probability of admission (generally by about 25 percent), the negative effect of extra financial need was strong and significant. . . . This directly refutes the popular impression that giving preference to blacks results in a net preference for low-income students. . . ."[32]

Rather than finding a preference for low-income students, the CSS Panel on Student Financial Need Analysis found that the neediest of students were bypassed after admission in order to spread limited resources among the greatest number of students. The following illustration is offered in *The Possible Dream*, which is based on the CSS Panel's final report. "For example, suppose a financial aid officer has $2,000 of aid available, and he has narrowed the competition to four students. One student needs the full $2,000; another needs $1,000; and the remaining two need $500 each. The aid officer must decide whether to assist the neediest applicant or use the same amount of money to assist three applicants. He is most likely to assist the three and reject the one, and for compelling reasons. In the first place, the needs of all four students have been documented and none of them can afford to enroll without the designated amount of aid. Should one student be turned away—or three? Another factor the aid officer is certain to consider is the college's operating budget. Assume that the $2,000 equals the minimum student expense budget

32. Ibid.

for a year. The neediest student and his family cannot afford to make contributions toward college costs. The other three students and their parents can, and altogether they will contribute another $4,000, tripling the $2,000 seed money and increasing the amount flowing into the operating budget through tuition and fees. That settles it. The three applicants with lesser needs will share the available aid, and the fourth will be turned away. He will get no assistance precisely because he needs more assistance. And, there it is: the dollar barrier. . . ."[33]

For the student with the highest need who was turned away by the financial aid officer, this denial of assistance is tantamount to a denial of access. As the CSS Panel states, "This example may be oversimplified, but it does expose as a myth the belief that all aid is awarded on the basis of relative need."

Some of the effects of institutional aid practices are reflected in Table 18. If institutions were awarding aid to students in close relation to their degree of need, it is reasonable to presume that parental support per student would approximate the contributions called for by accepted national systems of need determination.

In fact, at lowest-income levels, parents on the average contribute substantially more than is "expected" under the College Scholarship Service need analysis system; above the $6,000 level, the reverse is true: parents contribute substantially less than a systematic determination of "ability to pay" would indicate. Of course, there are a number of complex factors that produce these results, including the distribution of enrollment among states and institutions and the general patterns of financing higher education, but clearly an important variable is the way in which institutions award aid to students.

Scarce resources, to be sure, account for many of the institutional aid patterns described here. But the CSS study also found that the "measured ability" of students is a primary factor. High measured ability has a positive effect on financial aid awards, and in particular on the grant aid received by students. Institutions have long tried to bet their own moneys on "winners." There can be no quarrel with this practice – if an institution is using its own funds to serve its own purposes. On the other hand, there can be no justification for an institution using federal funds from federal programs – where "meas-

33. College Entrance Examination Board, *The Possible Dream*. New York: College Entrance Examination Board, 1971, p. 2.

Table 18. Comparison of CSS Parents' Contribution and Reported Parents' Support. 1966-67. By Income Levels

Family income	*Average parents' support per student**	CSS *parents' contribution*†
$2,000	$ 375	$ 0
4,000	500	110
6,000	625	530
8,000	700	950
10,000	800	1,350
12,000	900	1,730
14,000	1,000	2,110
16,000	1,100	2,520
18,000	1,225	3,070
20,000	1,325	3,600

* Parents' support reported in SCOPE survey, as reported in David S. Mundel and Sally Zeckhauser, *"Who Pays the Higher Education Bill?"* (unpublished manuscript, May 1971). Social security contributions made on behalf of a dependent solely because of college attendance were subtracted from support reported in SCOPE data, to yield the figure which appears in column. Figure represents average per full-time equivalent student, rounded to nearest $25.

† Based on parents' contribution for two-child family. College Entrance Examination Board, *Manual for Financial Aid Officers.* N.Y.: College Entrance Examination Board, 1967, Table A

ured ability" is not a criterion for the receipt of an award but only "enrollment in good standing"—to serve institutional purpose rather than social purpose.

There is considerable confusion between these two purposes, institutional and social, largely because the federal funds (under NDSL, EOG, CWS) that institutions receive for distribution to students must in each case be matched in varying proportions by institutional funds. The effect of the matching requirements is to blunt the social purpose that federal funds are designed to serve.

Summary

It is often maintained that adequate funding of existing federal programs would achieve equal opportunity objectives. However, it has been demonstrated that substantial federal higher education subsidies directed to institutions have only a limited impact on further-

ing these objectives. Only if subsidies are redirected to focus on those institutions enrolling substantial numbers of the poor—two-year colleges, low-cost four-year public and private institutions, and black colleges—could these programs aid in achieving equal opportunity.

Moreover, those federal programs expressly designed to provide assistance to needy students have been shown to contain so many operating defects as to confound their purpose and hinder their effectiveness. Fuller funding is desirable but does not alone answer the problem.

From an understanding of these deficiencies in current federal policy, the panel recommends a new national program of student assistance.

Proposed National Program of Student Assistance

Equality of opportunity should be the transcendent objective of national higher education policy.

The major impact of higher education on an individual's chance for social and economic success dictates this national goal. Past inequities by income and race demand that access to higher education become a right rather than a privilege based upon wealth and background. Only through expanded opportunity for higher education can equal opportunity in the larger society be achieved.

The panel's recommendations seek to eliminate the persistent barrier to undergraduate higher education for minority and low-income youth—lack of money. This is still the most critical barrier and the most susceptible to remedy through forceful public action at the national level.

The persistence of the financial barrier despite current federal efforts leads the panel to develop new alternatives for financing low-income students in higher education.

A number of other groups have recommended higher education programs similar to parts of the panel's recommendations. The Carnegie Commission recommended that "the seventies be devoted to increasing resources for those efforts that lagged behind in the last decade, increasing equality of educational opportunity. . . ."[34] The report proposed greatly expanded funding of the Educational Opportunity Grant Program and the College Work-Study Program. In the panel's view, however, the Commission did not consider the inequities and inadequacies of these programs as outlined in the foregoing chapter.

The philosophy closest to the panel's is contained in *Toward A Long-Range Plan for Financing Higher Education* (The Rivlin Report).[35] However, the program of federal student subsidies recommended in this report differs from the panel's in magnitude and criteria for eligibility.

Recent legislation, in particular the proposed Basic Opportunity Grants Program (BOG), holds some promise of fulfilling, at least par-

34. Carnegie Commission on Higher Education, *Quality and Equality: Revised Recommendations. New Levels of Federal Responsibility for Higher Education.* New York: McGraw-Hill, 1970.

35. U.S. Department of Health, Education and Welfare, *Toward a Long-Range Plan for Financing Higher Education.* Washington, D.C.: U.S. Department of Health, Education and Welfare, January 1969.

tially, the panel's objectives. The principles of the proposed BOG are consistent with the panel's, but its annual and uncertain levels of funding, low grant ceiling, restriction to half college costs, and complexities of operating procedures limit its potential for achieving equal opportunity objectives.

In exploring alternatives for financing low-income students and developing appropriate recommendations for national policy, members of the panel were agreed on the following:

(1) Specific proposals should be designed to maximize both equality of enrollment rates (access) among income groups and equality in the distribution of students among types of institutions.

(2) The proposals should contain features that will encourage the retention of students in college and improve the quality of the education they are receiving.

(3) The national goal of equal opportunity demands major financing by the federal government. While the panel recognizes an important supplemental role for state, local, and institutional programs designed to assist needy students, the federal role must be primary, not only because of the magnitude of required funding but for reasons of equity and uniformity in administration.

(4) Efficient and appropriate national student aid programs should seek to achieve horizontal equality – equal subsidies among classes of aided students. State allotment formulas and institutional allocation procedures hinder the achievement of such equity. Early and certain knowledge of eligibility for aid, in what amount and what kind, is essential to maximize the enrollment of low-income students in higher education. This objective can only be achieved if the national program is not dependent on annual appropriations with uncertain levels of funding. Federal student aid should be a matter of right, in the form of an entitlement provided directly to students wherever they live or attend college and without the intervention of states and institutions.

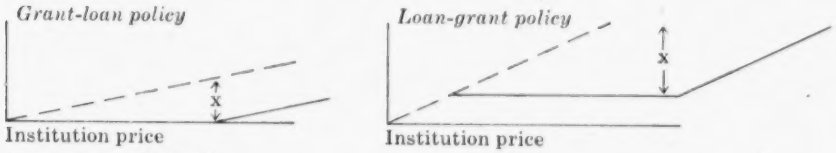
The panel gave intensive consideration to a variety of policy choices for financing low-income students. The basic options delineated by the panel were: a policy of grants; a policy of loans; two types of programs combining grants and loans.

An exclusive emphasis on grants is not being proposed because the panel deemed unrealistic an assumption that society would be willing, on philosophical grounds and in light of competing national priorities, to pay the entire cost of educating students. While a substantial grant component was considered essential, a measure of

self-financing was also considered necessary in a balanced national approach to financing needy students.

The panel also devoted serious attention to a recommendation of loans only. Such loans could be guaranteed by the government with capital contributions coming from both the private and public sectors; they could be available to all students through a type of Educational Opportunity Bank in which repayments are a function of income. But the effects of this option on improving the enrollment rates of low-income students are not clear. To date there is no evidence on how many poverty and minority students would attend college if loans were the only form of outside assistance available for financing their educational costs. It was the judgment of most panel members that the results of the loans-only option, both in terms of enrollment rates and distribution of students among types of institutions, would be inadequate for the achievement of equal opportunity objectives. While rejecting the loans-only policy as a currently viable option to meet the pressing educational needs of low-income and minority students, the panel urges further study of loan programs and their effects on students and institutions.

Two combinations of direct grants and loans were considered. First, a program of grants based on income alone supplemented by loans available to those students wishing to self-finance more expensive enrollment options: "Grants for Access – Loans for Choice" (GL). Second, a program of loans generally available supplemented by grants based on income and college expenses: "Loans for Access – Grants for Choice" (LG). These two program options can be illustrated by showing their effect on the college costs faced by a given enrollee:



The two choices provided by the panel's two-dimensional definition of equal opportunity are somewhat conflicting. One measure of equality is the enrollment rate of minority and poverty youth in higher education – access. As noted earlier, high school graduates from lower-income and minority-group families have traditionally

lagged behind higher-income, majority-group students in their college-going rates. This lag has meant that their chances for eventual social and economic success – their equality of opportunity – has been significantly restricted.

A second measure of equality is the distribution of minority/poverty college-goers among various types of higher education institutions. As shown elsewhere in this report, lower-income youth generally attend less expensive colleges which often have lower-ability students and lower-quality faculties than the institutions attended by students from higher-income families. Since the specific college or type of college attended significantly affects a student's chances for social and economic advancement, the differential enrollment pattern of lower-income youth represents a significant barrier to the realization of equal opportunity.

An appropriate government policy should seek to alter both the enrollment rates and the distribution of minority and poverty youth to become more like that of majority and nonpoverty youth. However, the policy that maximizes improvement along one dimension may not necessarily maximize improvement along the second. The proper enrollment maximizing policy would be "Grants for Access – Loans for Choice" – i.e., giving an equal grant to all students in a given income class regardless of the variation in institutional prices. Alternatively, "Loans for Access – Grants for Choice" would tend to correct the enrollment distribution by providing larger grants to students attending more expensive institutions even though their family incomes were equal. This second type of policy would also increase overall enrollment, but the increase would not be as great as that achieved if the enrollment-maximizing policy were implemented. However, the second type of policy would increase the number of students from the subsidized population who attend higher-priced institutions.

It should be noted that in order for either form of a grant policy to function effectively in achieving equal opportunity, students must have access to self-financing resources – loan funds. It is unrealistic to expect parents of low-income students to contribute extensively, if at all, to their children's college education. Similarly, it is improbable that society will subsidize the full cost of educating needy students. It is potentially detrimental to their success in college to expect lower-income, poorly prepared students to work during periods of enrollment in order to finance their share of college expenses. The alternative – borrowing – must be guaranteed.

Recognizing the partial trade-off implicit in the choice between the two types of programs combining grants and loans, the panel deliberated at length over the philosophical and policy issues involved and opted for an emphasis on increasing the enrollment rates of poor and minority youth, with reliance on loans to improve their distribution among types of institutions. The panel believes that broadened access must claim the highest priority in view of the continued lag in the percentages of low-income and minority youth enrolled in higher education, and that grants available primarily on the basis of income should be the foundation of national policy to improve equal opportunity.

It was the view of most panel members that direct subsidies to all eligible low-income students are essential to eliminate the economic barrier to higher education. A general lack of experience and confidence among the poor when it comes to borrowing money makes the loan-financing option inadequate as the basic means of stimulating broader access. Only grants can provide the incentive necessary to motivate low-income students to consider higher education as a live option and to overcome the costs they face – not only the direct expense of higher education but also the costs resulting from foregone income that frequently constitute a substantial sacrifice for the poor.

The panel advocates a national program having three major elements:

Direct federal grants to low-income students on an entitlement basis.

Loan financing available to all students, regardless of income level.

Support for supplementary services for grant recipients who need remedial and other help while in college.

The absence from the panel's recommendation of a work-study program does not result from oversight. The panel deliberately excludes work-study from its recommended program of student aid because the current College Work-Study Program is neither a subsidy nor a form of student aid; rather, it provides funds for the payment of wages for services performed.

However, this is not to say that the panel does not approve of work related to curriculum, or student performance of community and volunteer services. If such programs are beneficial they should be available to all students. The panel approves too of proposals for cooperative programs where students study for certain periods, work for a time, and then return to study. For some, the panel recognizes that a year or more of work before college entry may be beneficial,

provided it does not thwart students' interest or ability to enter college. Such options should be expanded and made available to all students dependent only upon their interests and needs. However, payments received under a curriculum-related program of work should not be considered a form of subsidy or student aid.

The existing federally supported College Work-Study Program is directed only to needy students who are obliged to work often for minimal pay and often in jobs unrelated to their programs of study. In fact, the current program penalizes the poor, since participation in work-study is often a condition for receiving other forms of aid, such as Educational Opportunity Grants and National Defense Student Loans. In addition, the student from a background of poverty most often can ill afford an added burden on his academic program; he is likely to be ill prepared for higher education and to need maximum time and energy to devote to his studies.

Proposed Grant Program

The panel recommends a federal program that would entitle students from lower-income families to direct grants. Like the G.I. Bill, the program would operate directly with students, entitling them to funds sufficient to remove the financial barrier to enrollment in higher education. Again, it is the panel's judgment that direct grants to students are the form of subsidy that will most positively affect the enrollment and retention of lower-income students in higher education.

The panel recommends an annual grant maximum of $2,000. While this maximum by itself will not provide the target population with a full range of institutional choice, it will go a long way toward making most of the public sector of higher education, and in particular the four-year public institutions, truly accessible to the neediest students. The $2,000 level would, of course, also remove the financial barrier to enrollment in public two-year and low-cost private institutions. Coupled with a strong student loan program, a $2,000 grant should also go a long way toward increasing the attractiveness and accessibility of higher-priced private and public institutions to lower-income youth.

Grants would be available to all students whose own or adjusted family income is below the median. The median would be for all families with children who are high school graduates, or in 1971, $9,622. Income would be adjusted to reflect the number of dependent children in the family and the assets of the family. Income would also be

adjusted for two-parent families where both parents work, reflecting the costs to a family of a working wife or working mother. It would also be adjusted to reflect the peculiar needs of families with a single parent.

The size of the individual grant would be determined according to the quarter in which the adjusted income falls. Only students from families whose adjusted income places them in the lowest-income quarter would receive the maximum grant. Students from families whose adjusted income places them in the second quarter would receive lesser amounts, declining to zero at the median level. The proposal is designed to guarantee a minimum purchasing power for higher education by providing students in the target population resources approximately equal to those now available to students at the median level.

The panel recognizes that families above the median income also face difficulties in meeting rising college costs and urges larger and improved loan programs in response to this need (see next section). However, public subsidies should be used in ways that will maximize equality of opportunity. As indicated earlier, students from families above the median income attend college at a significantly higher rate than students from families below the median income. Subsidies are not required to stimulate the enrollment of students in the top two income quarters. By contrast, subsidies aimed at lower-income students will induce them to enroll in larger numbers.

Basing grant eligibility on adjusted income levels breaks with the commonly accepted definition of financial need. Traditionally, financial need has been defined as the difference between the cost of attending a particular college or university and the amount that a student and his family can contribute to his support without "undue hardship." Using this definition, high-income students may demonstrate substantial measured need. In fact, if a student from a high-income family attends a high-priced institution he can often demonstrate greater financial need than a low-income student attending a low- or moderately priced institution. The distinction between traditional need calculations and the panel's recommended pattern of grants is illustrated by the following example: Assume that two potential students, A and B, come from high- and low-income families respectively. Student A desires to attend a moderately high-priced institution where it is determined by traditional standards that he has a financial need of $500. Student B wishes to attend a lower-priced institution that calculates his financial need as $500. If no

subsidized financial aid is given to student A, his orientation is such that he or his family will either sacrifice other expenditures or borrow funds in order for him to attend his desired institution. On the other hand, without subsidy student B will probably not enter higher education at all. If society is interested in maximizing overall enrollment rates, it should devote its resources preferentially to student B. Allocating resources to student B affects his behavior, while allocating funds to student A does little to change his likelihood of enrollment.

The panel believes that the goal of equalizing opportunity requires that public subsidies be provided on an equal basis to students from equal economic circumstances and not be based on need as a function of the gap between institutional costs and "ability to pay."

The size of the grant could not exceed the reasonable costs of attendance at the institution in which the student enrolls. While grant eligibility would be determined according to family-income levels and not the differential pricing of colleges, the panel believes that no student should receive more than the actual costs of the institution of his choice. The panel emphasizes, however, that costs must be realistically determined and take into account the peculiar circumstances of the neediest of students. It cannot be assumed, for example, that students from poverty circumstances who live at home and commute to college have no costs for room and board. If the family cannot support itself, it cannot support a college-age student who provides little or no income to the family. For poverty students the costs of books, clothing, and so on may also exceed the commonly assumed amounts, since these students may not have been able to accumulate needed supplies, as have more affluent college students.

Grants would be available to both full-time and part-time students admitted to or enrolled in institutions of higher education. There will always be some low-income students who, by necessity or simply preference, wish to enroll part time while they earn a living or support their families. Making grants available to part-time students (including those who enroll less than half time) will also permit these students, if they wish, to participate in education-work programs that many colleges now offer. For part-time students, the size of the grant would be adjusted to reflect the percentage of time they are enrolled.

Grants would be available for a period of up to five years. Some existing and innovative undergraduate programs are five-year pro-

grams. In addition, many students within the target population will need this period of time to complete their undergraduate course of study.

The availability of grants should be known to students as early as possible in their high school years. Early knowledge of entitlement will permit students to make proper curricular decisions in secondary school and provide maximum impact on the enrollment aspirations and decisions of poverty and minority youth.

Proposed Loan Program

To supplement the grant program and provide for wider institutional choice, the panel recommends a loan program. The panel stresses that the program outlined here, though discussed in terms of low-income students, should be available to all students and on the same terms. The panel rejects the notion that indebtedness should be concentrated among the poor. It realizes, however, that until basic higher education pricing and support policies change, lower- and middle-class youth will be the principal borrowers.

Loans need not be heavily subsidized. If the public funds are available for higher education subsidies, first priority should be given to expanding the grant program outlined earlier. Second priority should be given to the program of support for supplementary services for the target population to be discussed subsequently. After these needs are met, public subsidies in loans might become relevant. Until then, the government's sole subsidy in a student loan program should be limited to the necessary costs of insuring loans against default. Additional subsidies to reduce the rate of interest charged to the borrower by the lending agencies are neither necessary nor appropriate.

There should be no maximum level of borrowing. If any meaningful distribution of low-income students among institutions is to take place, many students will have to borrow to meet the high costs of attending private institutions. That should be their privilege. Many will borrow to meet family (their parents or their own) obligations. That, too, should be their privilege, assuming that such family obligations would bar the student from obtaining an education without the loan. Since the panel advocates essentially unsubsidized loan programs, the exercise of these privileges should be left to the people who will bear the liabilities.

Loans should be repayable over the entire working lifetime of the student if he so chooses. Students who borrow for education are mak-

ing an investment in their future. The availability of loans permits more institutional choice than would a grant program alone. The student's debt represents resources absorbed now that he hopes will result in future benefits. Economic efficiency requires that loans of this character be amortized over the full payoff period. The practical effect of introducing 30- to 40-year loan repayment periods, compared to current 10-year loans is that annual repayments will be lower and thus the loans should be more attractive to borrowers fearing some years of low or relatively low income in relation to debt-repayment demands. However, lifetime repayments will be higher because the debt remains outstanding for a longer period and thus interest payments are greater.

The fact is that no one knows whether student borrowers would prefer to pay back more money over very long periods or more money per year over somewhat shorter periods. For this reason, the panel proposes that very long-term repayments (up to 35 years) be made possible under the loan program; students would be allowed to select shorter terms if they wish. A practical way to handle this choice might be to allow borrowers to prepay their loans without penalty. It should be noted that extending the repayment period would have no effect on government costs because the proposed loan program is unsubsidized.

Some protection against excessive repayment burden should be included in the program. For many low-income students, especially those from minority groups, investing in a college education is seen as a gamble. Because, historically, people from these backgrounds have been discriminated against in skilled or educated labor markets and youth from these communities have grown up in environments that breed pessimism, many minority students will underestimate the impact of higher education on their earnings.

One way to alleviate the effects of such pessimistic expectations on the educational plans of minority youth is to guarantee the minority student borrower that his education debt will not be a charge against an unenhanced future income record. Loan repayments could be based on annual earnings by setting the annual charge as a "tax rate" on income. For example, a student might be charged .4 of 1 percent of income per $1,000 borrowed, as in the recent loan program announced by Yale University. Another scheme might be to make the loan repayment dependent on income if income falls below some specified level. Such a repayment arrangement would insure the borrower that if his future income is relatively low, his annual repay-

ments will not be allowed to rise above a certain known fraction of his annual income.

A program could also be designed that allows borrowers to transfer a certain number of years of repayment to later years of their repayment schedule in order that those who experience periods of low income would not find that their educational debt imposes an unacceptable burden during those years. Under some plans those borrowers whose career choices result in very low-paying jobs might reach the termination of the repayment period without having fully repaid their loans and to that extent other borrowers would have subsidized their education. All these features are meaningful to minority and poverty students and would make a loan program more attractive to them.

In summary, to supplement the grant program the panel proposes a program of long-term loans, possibly repayable as a percentage of income, with a provision for students to discharge their debt prematurely if they wish. If a student's lifetime income is very low, he will in effect not have paid for all the resources borrowed while he was a student. This subsidy might be paid by other borrowers as indicated above, or the government might pay the cost of shortfalls to the loan program attributable to low-earning experience of the borrowers.

The operational characteristics of a student loan program are important. Even if a loan program has all the desired characteristics that are outlined above, it may still not significantly contribute to the panel's objective of equal opportunity. The panel is concerned by the lack of access of minority and poverty students to existing loan programs. Whether banks, especially, have been reluctant to lend because these students are unfamiliar to them, or because they are considered "bad risks," or because of outright discrimination, the fact is that the present organization of the federal Guaranteed Loan Program has not helped minority and poverty students in an even-handed way. *Therefore, the panel favors a shift to a new organizational structure to administer the loans.*

The new structure would need access to large sums of capital; it would have to be able to apply charges to a borrowers' income; it would have to be able to keep track of students for long periods of time; it would have to be compensated for the fact that no appropriate collateral is offered for the loans.

All these features suggest to the panel that a unit of the federal government is the only agency capable of meeting the requirements. Such a unit could employ the Internal Revenue Service to collect

loan-taxes and the United States Treasury to borrow for it or to guarantee its loans.

The panel is indifferent to the exact locus or name of such an institution. One good suggestion made previously is to establish a National Student Loan Bank to administer the program. Such a bank would be a quasi-private corporation issuing its own bonds (with treasury backing) but integrated with the federal government for collections and record-keeping purposes. Others have suggested a fully public agency with its own right to issue capital, its own collections and record-keeping ties with existing agencies.

The panel asserts that a loan program of the type described is feasible and proposes that it be established with the full backing of the federal government.

Proposed Vouchers for Supplementary Services

The panel recommends a program of vouchers for supplementary services for students from the target population.

A wide range of proposed higher education support programs has included "cost of education" allowances and other types of grants to institutions. The objectives of these allowances and grants have varied. For some, the goal has been the creation of incentives that encourage institutions to enroll federally aided students. For others the aim has been to satisfy institutional needs for general support. The panel feels that the provision of funds for special services to poverty and minority youth can play a significant role in increasing equal educational opportunity and in fostering reform in higher education. Compensatory and supplementary services will be necessary if poverty and minority students suffering the handicaps of poor previous educational experiences are to compete successfully with other students and persist in college. The need for these services will be especially important for students from the target population who gain access to more selective institutions. The admission and successful performance of poverty and minority youth in college will demand extensive reorientation and redirection of many colleges and universities; a compensatory service program could provide the resources and incentives to stimulate necessary reform of higher education.

Several kinds of supportive programs could contribute to the panel's objectives. The federal Special Service Programs now in existence could be expanded and larger grants provided to institutions to meet the needs of new populations of students. But a project grant

system has a major drawback. The projects are designed to meet the institution's perception of the needs of poverty and minority students rather than those of the students themselves. The panel is not persuaded that all institutions have the capability to design and conduct programs meeting the full range of needs of students in the target population. The personal experiences of the panel members provide constant reminders of the diversity of student needs and the limited ability of colleges to offer a diversity of services.

Another frequently recommended program is one that gives institutions cost-of-education allowances based on their enrollment of federally aided students. These funds are not restricted to the support of services for the federally aided students. The allowances can be either a function of the number of aided students enrolling in the institution, or the amount of federal aid these students receive. This type of cost-of-education program would provide an incentive to colleges to enroll federally aided students but would not guarantee that institutions would use these resources for services to the federally aided students.

Still a third alternative is a program in which federally aided students are given vouchers with which to "purchase" supplementary and compensatory educational services. This type of program would not provide as strong an incentive for institutions to enroll aided students as would unrestricted cost-of-education grants to institutions, but it would create greater incentives for institutions to provide the range of compensatory and supplementary services needed by poverty and minority youth.

Allowing students to spend resources through vouchers for programs they desire, or withhold support from programs they judge inadequate, would create important incentives for colleges to provide programs that are valuable to students. It would also create incentives for educational reform, much needed throughout higher education.

It should be noted that the reduction of enrollment incentives under the voucher approach is by no means total. Many colleges and universities report that a significant constraint on their admission of lower-income students is the substantial cost of extensive supplementary services needed by these youth. Providing students with resources to pay for these services would lessen the impact of this constraint.

The panel anticipates several concerns that might be raised about allowing students a range of choice in the style and source of special

services they desire. It might be suggested that students would choose their programs unwisely or be susceptible to the false claims of possible suppliers of compensatory services. The panel finds that there is little evidence to predict that college students will make any less wise decisions about program choices than will either university or government officials. Moreover, the very freedom of choice of voucher-holding students would tend to mitigate against inferior or fraudulent services on any significant scale. Students could easily opt out of programs that do not appear to be meeting their educational needs. Such flexibility could be maximized by making the vouchers available in monthly amounts.

Another source of concern in the operation of the voucher scheme might be the possibility that voucher-holding students would pay other students or faculty members to provide supplementary services. Although at first glance the hiring of other students would appear to be an unwise use of vouchers, some evidence suggests that this is not the case. Several colleges operate very successful tutorial programs in which upperclass students teach poorly performing underclassmen.

Another problem that might arise in the operation of a voucher program is the possibility that colleges would charge voucher-holding students for special services that are available at zero or lower cost to other students. This problem could be prevented by an administrative regulation restricting the use of vouchers to activities that are not available to students without aid at a price lower than the value of the voucher.

On balance, the panel finds that the voucher scheme of financing supplementary services for federally aided students would be the most effective type of supportive program in terms of the panel's equal opportunity objective. *The panel recommends that students receiving assistance under the proposed grant program also receive payments, in the amount of $35 monthly, to purchase the supplementary services they need.*

Cost of the Panel's Recommendations

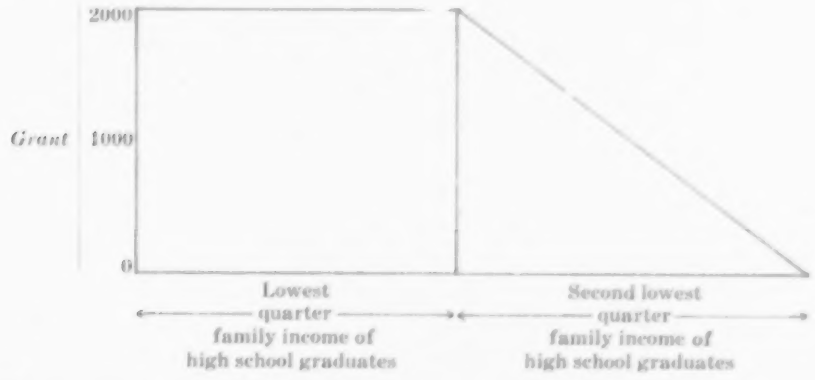
Equalizing higher educational opportunity will be costly. But continuing current inequities will be even more costly to the society.

Acceptance of the panel's goals would undoubtedly be greater if they required lower expenditures of public funds, but unless the society is truly aware of the magnitude of the task, measures will be adopted that are so distant from those necessary that they will be

nonproductive, if not negative. With these thoughts in mind, the panel presents an estimate of the costs of its proposals.

Two parts of the panel's proposal will demand significant financial support: the grant program and the program of supplemental services.

Cost of the grant program ($2.4-5.8 billion). The grants at the outset would be $2,000 per year for all full-time students from families who are in the lowest-income quarter of all high school graduates. Students from families in the second lowest quarter would receive grants of $0-$2,000 depending on their families' income. In no case would a grant exceed the reasonable costs of attending the student's college, and the grant amount would be reduced proportionately for less than full-time enrollment.



The cost of the panel's grant program will depend on how many low- and moderate-income students enroll in college and the cost of the colleges in which they enroll. In the short term, it is likely that the enrollment of poverty and minority students will not increase dramatically, and the pattern of that enrollment will remain essentially unchanged. Both the slow response of colleges to changes in demand, and the long time intervals over which changes in college-going trends take place support this contention. Thus, it is possible to estimate the cost of the panel's recommendations (in the short run) on the basis of current enrollment rates and patterns as shown in Table 19.

Combining these enrollment figures with the panel's grant program, the short-run costs of the grant proposal can be estimated. This is shown in Table 20.

Table 19. Undergraduate Enrollment in College. Full-Time Equivalents in 1971-72. In Thousands

	Public institutions			*Private institutions*			
	Universities	*Four-year*	*Two-year*	*Universities*	*Four-year*	*Two-year*	*Total*
Lowest quarter of high school graduates ($0-5,706)	148	244	331	26	105	17	872
2nd lowest quarter of high school graduates ($5,707-9,622)	233	282	262	39	136	19	972

Source: Calculated from a working paper prepared for the panel by R. Hartman and J. O'Neill using U.S. Office of Education projections; and from American Council on Education National Norms for Fall 1971

Table 20. Cost of the Recommended Grant Program. (Near-Term Estimate, 1972-73)

		Public institutions			*Private institutions*			*Total cost*
		Universities	*Four-year*	*Two-year*	*Universities*	*Four-year*	*Two-year*	
	Average cost	$2,333	$2,005	$1,232	$4,126	$3,450	$2,849	
Grants for students from lowest quarter	Average grant	2,000	2,000	1,232	2,000	2,000	2,000	
	Total amount of grants (in thousands)	296M	488M	407M	52M	210M	34M	$1,487M
Grants for students from 2nd lowest quarter	Average grant	$1,000	$1,000	$ 863	$1,000	$1,000	$1,000	
	Total amount of grants (in thousands)	233M	282M	226M	39M	136M	19M	935M
Total cost of grant program (in thousands)								$2,422M

Thus, in the short run, the grant program would cost $2,422 million, if enrollment rates and patterns did not shift significantly. If the enrollment rate of low- and moderate-income students increases to that of students from the highest income quarter – the goal of equality set by the panel – the grant program cost in the long run could increase to $5,787 million.

Cost of the supplementary service grant program ($554-$2,170 million). The panel recommends that voucher grants of approximately $300 be given to federally aided students to provide for supplementary educational services. Like the cost of the grant program, the cost of the supplementary service program will depend on the enrollment rates of low- and moderate-income youth. This is shown in Table 21.

Table 21. Cost of the Recommended Supplementary Service Program. Short Term and Long Term. In Thousands

	Short term	*Longer term*
Enrollment of federally aided students (undergraduate full-time equivalents in 1971-72).	1,844	4,340
Total cost of voucher program (average $300)	$553M	$1,302M

Summary and Recommendations

The panel proposes a new national program designed to achieve equality of opportunity for education beyond high school.[36]

We have based our recommendations on a definition of equal opportunity that is broader than has been commonly accepted in the past. Most definitions of equal opportunity are one-dimensional, implying simply access to postsecondary training without regard to the type of access. Equal access must be accompanied by equality of choice. This means greater equity in the distribution of minority and poverty students within the higher education system, providing them with collegiate options that meet their individual interests, needs, and abilities.

The national program has three major components: grants, loans, and supplementary services.

Grants

Grants are the form of subsidy that will most positively affect the enrollment, distribution, and retention of lower- and moderate-income students in higher education.

Recommendation: A federal program that would entitle eligible students as a matter of right to direct grants.

Grants should be provided directly to students wherever they live or attend college without the intervention of states and universities.

Grants would be available to all undergraduate students whose adjusted family income is below the median.[37] Income would be adjusted to reflect the number of dependent children in the family, the assets of the family, and other circumstances.

The annual grant maximum per student would be $2,000, which will go a long way toward making most of the public sector of higher education accessible to the neediest of students. The $2,000 level would be adequate to remove the financial barrier to enrollment in most public four-year colleges as well as, of course, public two-year

36. The panel has focused on the needs of minority and poverty youth for undergraduate education. The report does not address the requirements for expansion of opportunity at the postbaccalaureate level. It is obvious, however, that the access of minority and poverty groups to advanced graduate and professional programs will depend largely upon increasing the numbers who receive undergraduate training.

37. The median is not the median for all families, but for all families with children who are high school graduates. In 1971, this median was $9,622.

and low-cost private institutions. Coupled with a strong student loan program, a $2,000 grant should also go a long way toward increasing the attractiveness and accessibility of higher-priced private and public institutions to lower-income youth.

The size of the individual grant would be determined according to the quarter in which the adjusted income falls. Only students whose adjusted income places them in the lowest quarter would receive the maximum grant. Students from families with adjusted incomes in the second quarter would receive lesser amounts, declining to zero at the median level.

The size of the grant could not exceed the reasonable costs of attendance at the institution in which the student enrolls. No student could receive more than the actual costs of attendance at the institution of his choice. The panel emphasizes, however, that costs must be realistically determined and take into account the peculiar circumstances of the neediest students.

Grants would be available to both full-time and part-time students.

The availability of grants should be known to students as early as possible in their high school years. Early and certain knowledge of entitlement will permit students to make proper curricular decisions in secondary school and provide maximum impact on the enrollment aspirations and plans of poverty and minority youth. This objective can only be achieved if the federal grant program is not dependent on annual appropriations with uncertain levels of funding.

Loans

To supplement the grant program and provide for wider institutional choice, loans must be readily available to grant recipients as well as other students wishing to borrow for higher education.

Recommendation: A new federal program of long-term loans open to all students regardless of their economic circumstances.

The loan program should be flexible, allowing borrowers to determine the size, amount, and terms of the loans they wish to assume.

The loan program should be administered directly by a unit of the federal government. The panel is concerned that existing loan programs administered by institutions and private and state agencies have not helped minority and poverty students in an evenhanded way. The panel favors, therefore, a shift to a new organizational structure to administer the loans.

The loans should not be heavily subsidized. The government's sole subsidy in the loan program should be limited to the necessary costs

of insuring loans against default. Additional subsidies to reduce the rate of interest charged to the borrower by the lending agencies are neither necessary nor appropriate.

There should be no maximum level of borrowing. Since the panel advocates essentially an unsubsidized loan program, students should make their own decisions about the level of liability they wish to assume.

Loans should be repayable over the entire working lifetime of the student if he so chooses. Economic efficiency requires that the loans be amortized over the full payoff period. The practical effect of introducing 30- to 40-year loan repayment periods, compared to current 10-year loans, is that annual repayments will be lower and thus the loans should be more attractive to borrowers fearing some years of low or relatively low income in relation to debt repayment demands.

Protection against excessive repayment burden should be included in the program, particularly for low-income students who may underestimate the impact of higher education on their earnings.

Supplementary Services

The provision of funds for special services to poverty and minority youth who are enrolled in college can play a significant role in increasing equal educational opportunity and in fostering reform in higher education.

Compensatory, remedial, and other supplementary services will be necessary if poverty and minority students suffering the handicaps of poor previous educational experiences are to compete successfully with other students and persist in college.

The need for these services will be especially important for students from the target population who gain access to more selective institutions.

The admission and successful performance of poverty and minority youth in college will demand extensive reorientation and redirection of many colleges and universities; a compensatory service program could provide the resources and incentives to stimulate reforms in higher education that are appropriate not only for this new population but for traditional students who are demanding educational change.

Recommendation: Federal support of supplementary services for students from the target population.

All students who are aided under the grant program would receive regular payments, or vouchers, in the amount of $35 per month, to

"purchase" compensatory and supplementary educational services.

The panel finds that the voucher scheme of financing supplementary services, as opposed to other approaches such as cost-of-education allowances paid to institutions, would be the most effective type of supportive program. Giving students the option to spend resources through vouchers for programs they desire, or withhold support from programs they judge to be inadequate, would create incentives for colleges to reform their offerings and provide services that meet the needs of all students.

It should be emphasized that the forms of assistance recommended by the panel would be open to eligible students who opt for either traditional or nontraditional types of training. However, the panel wishes to lodge a caveat with respect to current developments in higher education that are sometimes construed as holding special promise for new groups of students, particularly minority and poverty students – the burgeoning community colleges, new postsecondary technical and occupational programs, external degrees, and credit by examination. Clearly, these developments are helping to broaden the options available to all students, and their potential must be tapped further. At the same time, we are concerned that the nontraditional developments will give rise to a new kind of tracking system in higher education, with poverty and minority students channeled disproportionately into the nontraditional programs. For these youth, who have long been denied the rewards of traditional undergraduate education, the new developments must not become a new form of exclusion from the mainstream of education. This danger leads the panel to stress the primary importance of traditional four-year undergraduate training for its target population.

Cost of the program. The estimated cost of our proposals is high: for the short term $2.4 billion for the grant program, and $550 million for the voucher scheme. But continuing current inequities will be far more costly to the society.

Current inequities. We have developed these recommendations against the background of the continuing gaps in opportunity for higher education among youth of differing economic circumstances and racial origins. Both objective analysis and our personal experiences dramatized the depth of current inequities. The economic and racial barriers to college remain harsh realities that dim the hopes of young people for upward mobility and contradict the claims of

"open access" and "equal opportunity" within the higher education system.

For poverty and minority students, the report finds that profound disparities persist in the rates of enrollment in higher education, in the distribution of students among types of postsecondary institutions, and in retention rates.

Rates of enrollment in higher education. In 1970 a youth 18 to 24 years old from a family earning above $15,000 was nearly five times more likely to be enrolled in college as the same youth from a family with income of less than $3,000. Blacks represent about 13 percent of the college-age group but only 6-7 percent of college enrollments; Puerto Ricans and Chicanos represent 3.7 percent of the age group, but it is estimated that they constitute only between 1 and 2 percent of the college population. By contrast, white students are about 84 percent of the college-age group and 91 percent of the college population.

Distribution of students among types of postsecondary institutions. Unlike majority and higher-income students, minority and poverty youth who gain access to higher education do not enjoy options among programs and institutions that suit their individual needs and attributes. A student from a family with income below $6,000 is twice as likely to be enrolled in a public two-year college as a student from a family with income between $20,000 and $25,000. Data further indicate that black students at the top achievement level are three times as likely to attend a two-year college as white students at the same achievement level.

Retention rates. Both low-income and minority students suffer from high dropout rates. Students from families in the bottom quarter of income have less than one-third the chance of completing an undergraduate degree that students from families in the top income quarter have. Low-income youth graduated from college at a rate 10-15 percent lower than high-income youth at the same ability levels.

Our recommendations seek to redress these disparities and to achieve equity in access, distribution, and completion rates for poor and minority youth in higher education.